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ANADA

SOUTHERN AFRICA

THE RECORD IN 1959, THE OUTLOOK FOR 1960

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CANADA

cover (Left) Diamonds continue to play an important role in exports from South Africa; reached a record $106 million in 1959. Here a De Beers expert, qualified by years of training, sorts and classifies one day's output from the Kimberley mines. (Right) A Rhodesian landowner examines sturdy tobacco plants growing on his farm; tobacco has become Southern Rhodesia's leading export. For reports on these two Southern African countries and on their neighbour, Mozambique, turn to page three.

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Union of South Africa
Rhodesia and Nyasaland
Mozambique

SOUTHERN AFRIC

Business in '59
Prospects in '60
Trade with Canada

Union of South Africa

Steady rise in exchange reserves and record trade surplus marked 1959. Canada's sales to Union rose 2 per cent despite stringent import controls; no spectacular increase in trade forecast for this year.

C. R. GALLOW, *Trade Commissioner, Johannesburg.*

THE late spring of 1959 brought a change in the climate of business opinion in South Africa. Depression following the severe credit restrictions imposed by the Government in 1958 because of a mounting trade deficit changed into a mood of cautious optimism. This was encouraged by buoyant conditions overseas that resulted in improved prices for agricultural and mineral products, and by constantly rising production of gold, backed by large-scale prospecting in new areas. By the third quarter of last year the moderate recession was considered over. Recovery may be long-drawn-out, however, compared with North America and Europe.

Industrialists and traders have been guarded in their forecasts for the first half of 1960. Improvement has not proceeded as rapidly as many hoped, mainly because the recovery in world commodity prices has been slower than expected and the public has been cautious about spending. The banks and building societies have plenty of money to lend, but few businesses or individuals showed much interest in loans until early in the new year, when some pick-up took place.

Financial Position Strong

The outstanding feature of the Union's economy during 1959 was the striking improvement in external finances as the year progressed. From a low of $200 million* in mid-1958 and $313 million at the end of 1958, the Union's gold and foreign exchange reserves have risen steadily and now total about $425 million.

The balance-of-trade figures for 1959, read in conjunction with figures of foreign exchange reserves, reveal a substantial outflow of funds during the year. The 1959 favourable balance of trade reached approximately $504 million and current invisibles probably accounted for some $327 million; this meant a net surplus on current account of about $177 million. As the gold and foreign exchange reserves rose by $112 million during the year, this indicates a net capital outflow of nearly $65 million. Because South Africans were large net buyers of gold shares in foreign countries during 1959, it appears that stock-exchange transactions showed a large net debit—offset to some extent by an inflow of capital on private and government account.

In presenting the budget last month, the Minister of Finance explained that the capital account now had a deficit of some $84 million. Of this, $42 million represented net payments of long and short-term debt on official account; the balance of $42 million represented a net outflow of private capital. (The biggest factor was the purchase of South African shares from foreign holders plus the payment of foreign loans on private account, about $8 million net.) On this premise, the calculation is that considerably more than $34 million in new private capital entered the Union last year. Net borrowings by the Government and the banks from the World Bank, International Monetary Fund and other overseas sources totalled about $48 million.

The surplus in balance of payments resulted in a substantial net entry of funds and because this coincided with some slackness in several sectors, unused financial resources in the Union grew steadily for most of the year. As a consequence, the Reserve Bank removed all restrictions on the supplementary reserve requirements for the commercial banks and dropped its admonition to "exercise caution in extending credits to finance imports". With plentiful resources, the commercial banks and other financial institutions have been in an excellent position to finance expansion for some months past.

Mineral Production

Production by Union mines during 1959 set a new record of over 20 million fine ounces with a total declared value of over $700 million—an increase of 14 per cent over 1958. Exports of diamonds from South Africa during 1959 totalled $106 million—also a record and some 23 per cent greater than in 1958.

Among the other mineral products, exports of antimony concentrates and copper block and ingot also increased in value; shipments of asbestos, chrome ore, coal, manganese ore and zinc decreased.

Outlook for Farmers

For the first half of 1959 there were few signs that depressed prices for agricultural commodities were again rising and producers expected a decline in gross receipts. However, prices did improve even though the rise, taken over-all, was small, and farming incomes went up slightly. This encouraged the rural areas to think again in terms of the prosperity they enjoyed some years ago.

Current reports indicate that farming conditions are generally favourable except in a few drought-stricken areas and good crops are forecast. The wheat crop is considerably larger than last year; sugar and wattle are yielding well; a relatively good harvest of deciduous fruit is being picked; wool prices are firm; citrus orchards are being extended, and there is every prospect of a good maize crop. Average production costs may, however, tend to restrict a general rise in profits because the prices of most farming requisites continue to increase.

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*Note—Figures quoted are approximate. Conversion rate S.A.£1=2.80.

Fishing Season Satisfactory

When annual quotas were reached, fishing operations in South African waters ended. Catches of rock lobster, however, continue steadily and shipments of frozen tails have again gone forward to the United States. A market for canned fish from the Union has developed in the Far East as a result of difficulties experienced by packers in California. Large bulk sales have been concluded at satisfactory prices and it is unlikely that any substantial stocks will be carried forward. Considerable stocks of fishmeal and oil in store are awaiting shipment against firm contracts.

Industry Is Hesitant

For most manufacturers, 1959 meant marking time. Many factories experienced the first slowing down in activity for a decade and a recent survey indicates that most industries in the Union have had to accept smaller profit margins. Parts of the business community are exercising caution in appraising plans for the future.

The Government is seeking to encourage the growth of South African industry. Tariff protection and preferential treatment for South African industry on government tenders play a large part in its economic planning. The Board of Trade is compiling a list of industries that could be developed to advantage in the Union. The proposal is to give entrepreneurs advance assurance of adequate tariff protection if they will set up plants in the fields nominated, subject to prior discussion of their plans with the Board. A recent announcement also disclosed that such planning for protection can cover expansion in an existing industry and also the establishment of new industries other than those listed, subject to consultation with the Board.

Exports Soar, Imports Plunge

A sharp increase in sales of gold abroad, large merchandise exports, and stringent import controls all contributed to the growth in the Union's foreign exchange reserves.

From approximately $160 million in 1958, the Union's favourable visible balance of trade soared to a record of just over $504 million in 1959. Imports fell by some $190 million (about 12 per cent) compared with 1958, to reach their lowest point since 1955. Exports (excluding gold) increased in value by about $100 million (approximately 9 per cent) over 1958 and sales of gold bullion in 1959 set a new record at $677 million, an increase of $56 million over the previous year.

The Union now exports to some 60 countries. Just under 33⅓ per cent of shipments go to countries of the African continent, 27 per cent to Western Europe, 14 per cent to the Far East, and about 11 per cent to South America. The United Kingdom is by far the Union's best customer, followed by the Federation of Rhodesia and Nyasaland, the United States, Belgium, West Germany, France, Italy, Japan, the Netherlands, Mozambique, Communist China and Hong Kong, in that order. The principal products exported can be classified by groups and the approximate value of exports is indicated after each in the accompanying table.

PRINCIPAL SOUTH AFRICAN EXPORTS, 1959

	(in millions of dollars)
Metals, metal goods, machinery and vehicles	350
Animals, agricultural and pastoral products	249
Foodstuffs	199
Minerals, earthenware and glassware	118
Jewellery, timepieces, fancy goods and musical instruments	34
Fibres, yarns, textiles and apparel	22
Leather and rubber goods	17
Ales, spirits, wines and beverages	8

Compared with 1958, the principal contributors to the increased value of exports were: wool, up $25 million; diamonds, up $20 million; hides and skins, up $6 million; copper, up $6 million; and gold, up $56 million. Products that dropped in value included maize, down $28 million; uranium oxide, down $14 million; fruit, down $13 million, and manganese ore, down $4 million.

A cutback of some $70 million in government purchases overseas during 1959 contributed substantially to the drop in the Union's imports compared with 1958. Purchases in the two most important import categories—textiles, apparel, yarns and fibres and metals, metal manufactures, machinery and vehicles—also declined considerably. The United Kingdom is not only the Union's principal customer but also its main supplier. Last year British exports to the Union almost doubled in value those of the next largest supplier, the United States. Next in order of importance as suppliers were West Germany, Canada, Iraq, Japan, the Netherlands, the Federation of Rhodesia and Nyasaland, Italy, the Belgian Congo, France, Switzerland and Pakistan.

Import Controls

There has been no recent change in the general outline of South African import controls. Where licences are required, they are granted without discrimination as to country of origin. Separate regulations apply to each of four main classes of goods.

1. Goods which may be imported without licence. Included in this category are raw coffee, tea, certain textiles, yarns and threads, knitting and sewing machine needles, non-industrial sewing machines with an f.o.b. value not exceeding £12.10s.

each, domestic sewing machine parts, petroleum products, and certain books.

2. Goods for which licences will be issued to registered importers on receipt of a written application. This group includes industrial, agricultural and scientific and medical requirements, motor vehicle spares, artists' materials and liquor. It is intended that industry be permitted to obtain its full reasonable requirements of imported machinery and raw materials, but with due regard to the availability of such materials from local sources.

3. Goods for which licences are issued on the basis of sales replacement. This group comprises parts for the assembly of cars and trucks; built-up cars, new or used, not exceeding £800 in value when new; trucks; motorcycles; scooters and bicycle auxiliary engines.

4. Goods subject to quota restrictions. This group includes consumer goods, lumber, office equipment, outboard motors, motor cars exceeding £800 in value when new, and all other goods.

Canada Maintains Position

A review of the latest figures on Canada's trade with the Union reveals that, contrary to the general trend, the value of our sales for 1959, at just over $51 million, was some 2 per cent above the figure for 1958 and our imports from the Union also are slightly larger. The value of our exports has been maintained because of substantial South African purchases of Canadian wheat. By contrast, a wide variety of our exports decreased in value: figures for 11 months show lumber down by 33⅓ per cent, automobiles and parts by 50 per cent, and railway rails (with other steel products) by some 60 per cent. Exports of tallow, surgical and sanitary cotton, agricultural implements, locomotives and parts, copper products, mining machinery and fire-brick also declined. In the pulp and paper group, sales of book printing, wrapping and other papers decreased but newsprint increased. Among the principal commodities registering increases were hops, leather, wood pulp, cotton fabrics, rubber products, aluminum in primary form, bookkeeping and calculating machines, sparkplugs, some drugs and chemicals, and aircraft. Two new items appearing for the first time in modest amounts are razors and razor blades and cotton thread and yarn.

Of the products imported into Canada from the Union the main ones, wool and diamond bort, show no appreciable change in value, according to the most recent statistics. However, shipments of apricots, onions, peanut oil, sulphite pulp, tungsten carbide inserts and unset diamonds increased; there were moderate decreases in green peanuts, rock-drill bits, electric precision instruments and manganese ore.

Steady Improvement

With no resources development project in prospect to provide the impetus for a major economic advance, recovery in the domestic field is expected to be slow but steady. A recent survey predicts an increase in national income of from 3 to 6 per cent, depending on the Government's industrial development policy, the rate that capital flows into the Union, the possible revaluation of gold, and the effects, if any, of the threatened boycott of South African exports. Businessmen in general are still cautious and no marked increase in capital expenditure, either on private or government account, is indicated. Consumer demand exhibits no expansion and employment is likely to remain stable.

Export earnings will probably remain about the same as in 1959. However, the growing competition facing Union goods, principally foodstuffs, in the United Kingdom market is causing some concern; so is the proposed boycott of South African exports in various countries, and the renegotiation of the trade agreement with the Federation of Rhodesia and Nyasaland, the Union's principal customer for manufactured goods. South Africa's contracts for supplying uranium to the United States and Britain are also under review at the present time. On the promotion side, the Government has expanded its assistance to exporters and is opening new offices abroad. Reports indicate that the export credits insurance scheme completed its first year of operation successfully and its usefulness is expected to increase.

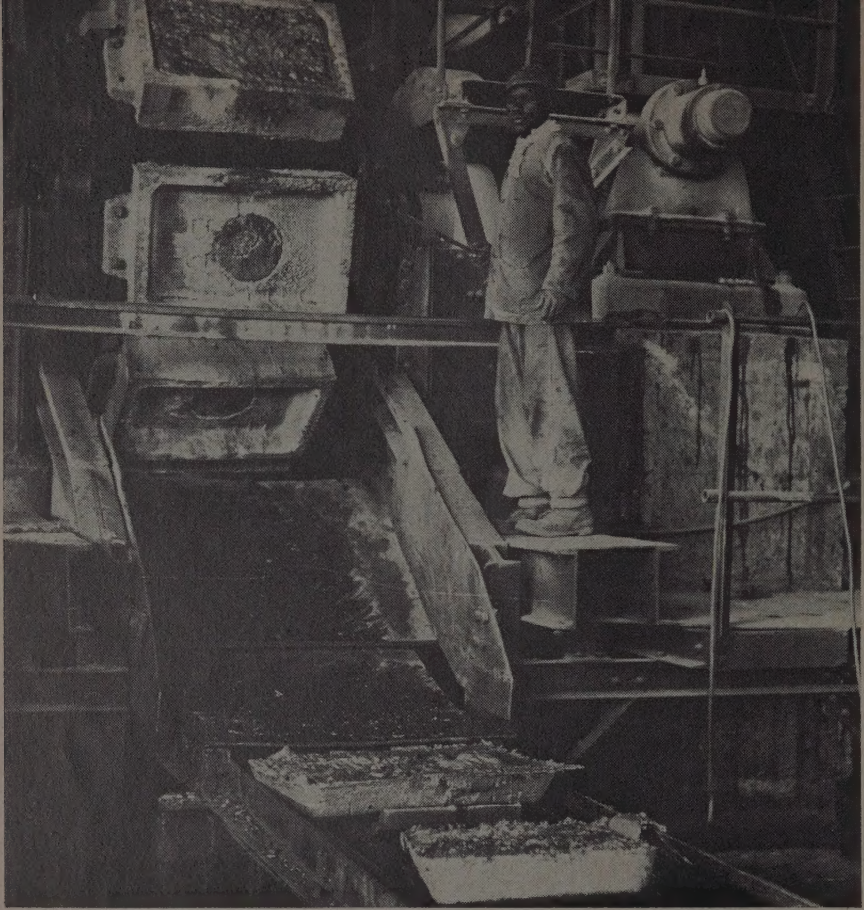
Any dramatic opening-up of the South African market to imports during the year seems unlikely. Stated government policy is to proceed gradually with the relaxation of import controls.

Present indications are that the dollar value of Canadian exports to this market during 1960 will probably not top the customary $50 million. No product or group of products holds promise of a major increase at the present time. The best prospects for Canadian exporters will continue to be in supplies for the Union's growing industries—raw and semi-processed materials and industrial equipment. Opportunities in other fields depend largely on whether or not a similar product is made domestically. There is much interest in official and business circles in the Canadian manufacturer who wants to open a branch plant, have his products made on a royalty basis, or invest in a local industry.

Loan for Rhodesian Farmers

The World Bank on April 1 granted a $5.6 million loan for the development of African farming in Southern Rhodesia. The money will help African farmers to boost output of crops and livestock.

Southern Rhodesia's land development plan is designed to overcome problems resulting from the tribal system of land tenure; soils are seriously depleted by over-cultivation and heavy grazing and have lost their fertility. The program was begun in 1956 and extends over seven years. The Bank loan will help cover foreign exchange requirements and the remaining costs will be met by the Government and the Native Development Fund.



Ingots from the Copperbelt mines, cooled in moulds, emerge onto an endless belt.

Rhodesia and Nyasaland

Spectacular recovery in copper prices, record tobacco sales, a good inflow of foreign capital made possible the Federation's 1959 economic comeback. Removal of nearly all import restrictions brightens prospects for Canadian traders.

L. S. GLASS, *Trade Commissioner, Salisbury.*

AS 1959 began, the Federation of Rhodesia and Nyasaland was still suffering from a recession. It soon became obvious, however, that recovery was imminent and by the end of the year the economy was largely back to normal. The credit squeeze was a thing of the past, restrictions on instalment buying were removed, and controls on dollar imports were progressively lifted until, as the year ended, the removal of controls on imports of all but five items from the dollar countries was announced. A very few other items remain restricted regardless of their source, but most goods can now be freely imported from any country.

Even though the depression has virtually disappeared the response, particularly from the European population, has been slow, mainly because of uncertainties about the political future of the Federation. This is more of an individual than a community feeling and should not in the long run affect the prosperity and development of the country.

The statement made above is borne out by the confidence shown by overseas investors. During 1959 a number of branch plants of overseas companies were started or completed. Among these were Dunlop Tire and Rubber Company, Nestlés, British Motor Corporation, and African Explosives (a subsidiary of ICI), not to mention companies coming in from the Union of South Africa.

External loans have been successfully floated and a satisfactory inflow of capital from abroad has continued. In 1957 the net intake of capital was £29.2 million, in 1958 it reached £59.8 million, and for 1959 it totalled £39.7 million.

Steps were taken during the year to improve the climate for overseas and particularly dollar investment. For some years free movement of foreign capital was restricted and only in certain types of investment could capital and/or profits be repatriated. For example, the capital brought in to build the Kariba Dam and the profits derived from its construction were free to move out of the country, but investment in, say, a retail business was frozen. Now all capital and proceeds from retail operations may be repatriated.

Business Facts

Last October the Government Statistics Branch inaugurated an index of production for manufactured goods, with October as the base year. The index is too new to give any long-term comparisons but it does show the trend. The Federation, particularly Southern Rhodesia, is definitely progressing along the road to industrialization. For only three items in the table—chemical products, bricks and cement, and miscellaneous—did production fall. The greatest decrease was in bricks and cement, which went down to 70, reflecting the slow-up in building in 1959. The other groups and their index numbers are: foodstuffs 104; drink and tobacco 105; textiles, clothing and footwear 109; paper, paper products and printing 108; metal and metal products 105, and all groups 101.

The number of insolvencies in both Southern and Northern Rhodesia increased last year; the companies affected were probably under-capitalized. During the boom years they could get by on borrowed capital but when the credit squeeze was introduced, they were forced out of business. It is also significant that 145 local companies increased their capital in 1959 by over £55 million, the highest ever.

The nominal capital of new companies registered in 1959 was greater than in previous years. In 1959 there were 1,263 new registrations capitalized at just over £13 million, compared with 1,606 capitalized at £17 million in 1957, an average increase of about 5 per cent.

Although bank clearances in Northern Rhodesia fell off slightly, both Southern Rhodesia and Nyasaland showed increases to make 1959 an all-time record (£1,790.8 million). Currency in the hands of the public expanded from £19.4 million in 1958 to £20.4 million in 1959. The Post Office reports an increase in both the Post Office Savings Bank deposits and in the purchase of Post Office savings certificates.

Developments in Trade

The balance of trade has displayed a marked improvement. In 1957 the deficit in the trading balance reached £14 million and in 1958, £15 million. Last year, the deficit was transformed into a surplus of nearly £44 million, a record for the Federation. Copper exports that almost equalled the record year of 1956 and record tobacco sales made this achievement possible. A decrease in imports also helped.

The value of imports for 1959 is estimated at £150 million, a decrease of nearly £7 million from 1958. The United Kingdom continued to be the chief supplier, closely followed by the Union of South Africa. In fact, of total imports valued at £136.9 million for the first eleven months of the year, the Union supplied 70 per cent. That the United States was in third place with sales of £5.6 million shows how thinly the market is spread among the other exporting countries. Canada's share totalled £1.4 million.

Two developments may mean an expansion in Canada's exports—the removal of restrictions on dollar goods and the termination of the trade agreement with the Union of South Africa. The agreement now in force gives the Union a large number of exclusive preferences. For example, sanitary earthenware and porcelainware imported from most-favoured-nation countries and Canada are dutiable at 15 per cent and from the United Kingdom at 5 per cent. The Union, however, enjoys the 5 per cent tariff less one-tenth. Any new agreement will certainly do away with many of these special preferences and place Canada on a more competitive basis with South Africa.

CANADIAN EXPORTS TO RHODESIA AND NYASALAND

	1959	1958
Total exports of which:	**$2,910,106**	**$3,915,027**
Planks boards hemlock	378,836	350,740
Planks boards Douglas fir	321,219	386,470
Newsprint paper	305,784	334,845
Autos, passenger new over 1,000 dollars	283,479	255,980
Drugs and chemicals, n.o.p.	186,676	29,648
Malt	121,040	
Mining machinery and parts	108,712	92,181
Wrapping paper kraft, n.o.p.	86,334	160,314
Automobile parts	81,267	168,372

CANADIAN IMPORTS FROM RHODESIA AND NYASALAND

	1959	1958
Total imports of which:	**$ 908,437**	**$1,349,274**
Mineral substances, n.o.p.	304,696	284,759
Chrome ore	301,809	32,776
Peanuts green, shelled or not	105,713	144,348
Tobacco n.o.p., stemmed	89,848	307,116
Alloys n.o.p., for manufacture of steel	42,605	265,403
Tobacco, flue-cured unstemmed	32,819	72,258
Lemon oil and orange oil	2,299	1,683

Exports from the Federation were valued at £168.5 million for the first eleven months of 1959, as against £119.9 million for the same period of 1958, with metals and tobacco accounting for £148 million. The United Kingdom was by far the best customer, taking over 40 per cent of the total (£79 million). Germany was in second place with £16 million; she has almost doubled her purchases from the Federation in a year (£8.2 million in 1958). Exports to the United States rose slightly to £9.1 million; £6.6 million represented sales of copper and chrome. Canadian imports totalled only £141 thousand, just half the 1958 figure.

Exports to Japan have increased to a remarkable degree: in 1958 they totalled only £268,000 but in 1959 rose to just over £4 million. Imports into the Federation from Japan are strictly controlled and for that reason Japan approached the Federal Government to ask for a more generous share of the market. A few Japanese products are already on Open General Licence. It is expected that the easing of controls on Japanese goods will not seriously affect Canadian exports for, with the exception of canned salmon, they are products of little interest to Canadian exporters.

Outlook Is Good

The general view of 1959 is twelve months of steady progress and there is no reason to expect any slowing up this year. Retail business has improved, although there was not the usual Christmas shopping rush. Instead business proved good during the last quarter and a general increase of over 7 per cent in retail sales was reported for the full year. It is unlikely that prices for metals will increase, but at the same time they are not likely to fall. Production is continuing to rise and prospecting, mostly by small syndicates, is turning up new deposits. In Southern Rhodesia copper deposits have been found and it has been said that they may rival those in the Copperbelt of Northern Rhodesia. ●

Mozambique

An import bill that exceeded export returns plus invisible earnings led this small province of Portugal to restrict purchases of foreign consumer goods last September.

C. R. GALLOW, *Trade Commissioner, Johannesburg.*

MOZAMBIQUE, a country of some 298,000 square miles with about six million people, lies on the east coast of Africa and borders on the Union of South Africa, the Federation of Rhodesia and Nyasaland, and Tanganyika. In 1954, it became a Province of Metropolitan Portugal. It has three main ports—Lourenço Marques, Beira, and Mozambique.

Agriculture sustains the economy—particularly the growing of cotton, sisal, sugar, maize and tea. Last year saw the harvesting of a record cotton crop with a seed of excellent oil content. Production of tea, sugar, oilseeds, copra and sisal was also satisfactory. However, the cashew nut crop was a failure, particularly in the southern part of the province, and exports totalled only half those of the previous year.

Industry is expanding slowly, principally in the Beira area where a hydro-electric generating plant can now provide power readily. New factories will turn out textiles and jute bags, paper, electric cables and conductors. A plant for handling industrial gases, a cold storage plant and a brewery have also been established. Near the capital, Lourenço Marques, in the south, new ventures include the making of commercial vehicle bodies, plastics, plywoods and veneers, mattresses, and biscuits. Work on an oil refinery has begun.

Lourenço Marques, one of the main ports on Africa's east coast, seen from the air.

A substantial portion of Mozambique's revenue comes from transit trade because the ports of Lourenço Marques and Beira serve both the export and import trade of the northern part of the Union and the Federation of Rhodesia and Nyasaland. Early in the year traffic was down, but it picked up in the second half and by the end of the year both ports were working nearly at full capacity. Two additional wharves are being constructed at Beira and plans are proceeding for the development of a new deep-sea port at Nacala, in the north, to serve Tanganyika and Nyasaland eventually, when internal railway links are established.

Imports Exceed Exports

The latest available official statistics of imports and exports are for 1958. These show the principal suppliers as Portugal 28 per cent, United Kingdom 15 per cent, Union of South Africa 10 per cent, Germany 10 per cent, and the United States 7 per cent. The leading customers were: Portugal 45 per cent, India 9 per cent, U.K. 8 per cent, U.S. 5 per cent, Norway 3 per cent, Federation of Rhodesia and Nyasaland 3 per cent, France 3 per cent, Union of South Africa 3 per cent, and Germany 2½ per cent. The principal exports are cotton, sugar, cashew nuts, tea, vegetable oils, sisal and copra.

Mozambique's trade account has consistently shown a large import balance but the province has offset the deficit by substantial earnings from the transit shipping trade, remittances from the native emigrant labour supplied principally to the mines in the Transvaal, and by the tourist trade. However, the excess of imports increased during 1959 and these invisible earnings failed to meet the deficit. In September the authorities prohibited the import of a long list of consumer goods unless it could be shown that adequate supplies could not be obtained from producers in Portugal or the Portuguese overseas territories.

Second Development Plan

This widening gap between exports and imports resulted mainly from the growing imports in recent years of capital goods under the Economic Development Plans. The Second Plan runs from 1959 to 1964 and includes programs for hydro-electric power, transportation, agriculture, health and education. Unfortunately, it does not offer equal opportunity for foreign firms because the authorities seldom provide licences for dollar imports unless it is demonstrated that the goods or services cannot be obtained from European suppliers.

Canada's trade with Mozambique, although it appears from statistics to approximate $1.5 million a year, is actually much smaller. The main commodities in this trade, lumber and newsprint, are stocks held in storage in Mozambique for subsequent shipment to the Union or to the Federation, and only a small part is consumed locally. The wheat imported is, of course, for local use. No appreciable change in either the volume or pattern of Canada's trade with this small country is in prospect for the next year. ●

Angola Exploits Its Oil

EXPLOITATION of asphalt deposits in Angola first noted almost two centuries ago began in 1952, after the Government granted an exclusive concession to Petrofina. The company initially made a geological study of the Angolan sedimentary basin that extends on either side of Luanda for about 300 kilometres. (The basin has a maximum width of 140 kilometres to the north and south but along the coast extends in a narrow band only a few kilometres wide.) Gravimetric and seismic surveys followed.

Over 3,000 square kilometres were examined in detail, using gravimetric reconnaissance. Possible oil-bearing structures were indicated, where seismic methods had yielded no definite results. The coastline was fully surveyed and some 1,200 kilometres of lines run over coastal waters indicated many underwater structures.

Where seismic techniques were appropriate, they have given good results. An area of 10,000 square kilometres has been covered to date and 90 per cent of the wells drilled have been located by this method.

Finally, an aeromagnetic survey explored the basins of the Cuanza and Congo Rivers and Cabinda, about 20,000 square kilometres.

Four Producing Fields

Drilling began in December 1952 and proved the presence of oil in four places: Benefica, Luanda, Cacuaco and Galinda. Unsuccessful wells were sunk in four places.

1. *Benefica*—In April 1955 Benefica Well 2 reached the Binga Benefica limestone at a depth of 2,500 meters. After further extensive drilling, this field came into regular production late in 1958. Reserves calculated at the beginning of 1958 were: proved, 475,000 cubic metres, and possible, 1,000,000 cubic metres.

2. *Luanda*—Near the end of 1956, the successful drilling of Well 2 uncovered the Luanda field, which has since been actively developed. The pool is in Cabo Ledo limestone, broken by the proximity of a zone of faults, found at a depth of 1,650 metres. Certain drills also reached the oil-bearing Cunga-Gratidâo level 600 metres deeper. Reserves are estimated at about 200,000 cubic metres for the Cabo Ledo stratum.

3. *Cacuaco*—Two wells, Cacuaco 2 and Cacuaco 4, reached the Cuvo pool at 2,482 metres in May 1958. Well 2 went into production in August 1958 at 31 cubic metres per day. The Cuvo pool is composed of porous sandstone. Other wells are being drilled to assess the magnitude of the field.

4. *Galinda*—Drilling actually in progress has encountered oil in the Binga zone. Drilling is continuing. Production in mid-1959 was running at 200 cubic metres a day but it was expected to increase the rate significantly by the year's end.

Refining Capacity

After a short trial period, a refinery to produce gasoline, light oils and fuel oil went into operation on May 3, 1958, at Luanda. Annual capacity is 100,000 tons. Production in 1958 reached

56,900 metric tons and included: gasoline 8,550 tons, gas oil 9,250 and fuel oil 38,100.

The chief sources of these products were the Luanda and Benefica fields, with 58,463 metric tons of crude. During 1959 a start was made on increasing refinery capacity to 220,000 tons per year. According to the terms of its concession, the Companhia de Petroleos de Angola (Petrongol) must, when oil production reaches 300,000 tons a year, increase refinery capacity to one million tons a year—about 3,500 cubic metres a day.

Thus far, about Can.$23 million has been spent directly on the discovery of oil—24 per cent on materiel, 9 per cent on supplies, and 67 per cent on salaries, wages, fees, etc. Development costs total over Can.$5 million, not including the value of the concession.

Though this development is still in the early stages, Angolan import statistics already show the effect, as the figures in the following paragraph demonstrate.

Imports of gasoline into Angola dropped from 52,536 tons in 1957 to 29,859 in 1958; fuel oil from 29,303 tons to 27,039; gas oil from 57,464 tons to 50,235, and lubricating oils from 7,047 tons to 6,852. So far, no petroleum products have been exported.

—R. A. BULL,
Assistant Trade Commissioner, Leopoldville.

SHIPPING SERVICES FROM CANADA TO SOUTHERN AFRICA

	FROM		
TO	**Pacific Coast**	**Great Lakes**	**St. Lawrence and Atlantic**
Angola			Belgian African Line Farrell Lines
Federation of Rhodesia and Nyasaland	*via Beira or Lourenço Marques:* Kawasaki-Africa Line Nedlloyd Line	*via Beira or Lourenço Marques:* Christensen Canadian African Lines (subject to inducement)	*via Beira, Lourenço Marques, or Lobito:* Christensen Canadian African Lines Farrell Lines
Mozambique	Kawasaki-Africa Line Nedlloyd Line	Christensen Canadian African Lines (subject to inducement)	Christensen Canadian African Lines
Union of South Africa	Kawasaki-Africa Line Nedlloyd Line	Christensen Canadian African Lines (subject to inducement)	Christensen Canadian African Lines

Steamship Lines	Agents
Belgian African Line	*Pickford & Black Ltd., Halifax*
Christensen Canadian African Lines	*Kerr Steamships Limited, Montreal*
Farrell Lines	*Furness, Withy & Co. Ltd., Montreal*
Kawasaki-Africa Line	*Johnson, Walton Steamship Ltd., Vancouver*
Nedlloyd Line	*Dingwall Cotts & Co. Ltd., Vancouver*

Will Canada-Midwest Trade Expand?

At the beginning of the "Soaring Sixties", our author takes a look at developments in the U.S. Midwest; sees increased opportunities for Canadian suppliers and strengthened north-south trade ties in future.

GERALD A. NEWMAN, *Consul General, Chicago.*

CANADIAN businessmen whose trade with the eleven Midwest states bulks large will be interested in a brief run-down of business trends in this rapidly developing area.

During the past five years, the most obvious development in the United States Midwest has been the rise in population, with the resulting demand for more school and university buildings and more homes. By 1969 the population of the United States is expected to total between 210 and 215 million, a 17 to 19 per cent increase. This will expand enormously the market for all types of consumer goods.

But within the general population rise are two changes significant for the Midwest. The first is the trend for the center of population and industry to move westward, until it is now just below the Great Lakes. Here are markets of growing attraction for Canadian suppliers—markets enhanced by an improving network of highways, superhighways, railroads, and now the St. Lawrence Seaway.

The second development is greater farm mechanization, declining farm population, and the consequent growth of the cities. The flow of people from the northern and western farm states has thus greatly boosted the economic significance of the major cities of the Midwest—Louisville, Indianapolis, St. Louis, Kansas City, Rapid City, Minneapolis, and above all Chicago.

At present the movement from the farms in the Midwest receives extra impetus from the difficult conditions of over-supply in feeds and high livestock production, tending to weaken prices. This is further aggravated by rising costs of farm equipment, labour and transportation.

From the point of view of Canadian trade, these trends suggest on the one hand a weakening of the market in the Midwest for agricultural products and on the other, more emphasis on industrial and construction materials and a limited range of manufactured goods.

Businessmen Predict . . .

It is against the background of shifting emphasis in Midwest activity that I have examined a forecast of prospects for 1960, prepared by a panel of prominent businessmen and sponsored by Chicago's leading bank.

This year the panel was almost unanimous in expecting an increase in business ranging from 5 to 8 per cent in all fields except agriculture and residential construction.

The panel noted repeatedly that residential construction, accounting for just over one-third of all new building (public and private), would probably decline as much as 20 per cent in the first six months, and commercial and industrial building would rise.

On the positive side, the experts predicted a 7 per cent boost in kilowatt-hour output during 1960 and a 6 per cent rise in gas sales. Steel ingot output should climb to about 130 million tons compared with an estimated 92 million in 1959. Production of durable goods, including automobiles, is expected to show an 8 to 10 per cent increase and non-durable goods about 5 per cent. During the first half of 1960, foods (which regularly take 15 to 16 per cent of the disposable personal income) were expected to do even better with the rise in income in 1960—about 5 per cent better, in fact, than total sales over the same period in 1959. Gains in the output of construction machinery and of petroleum are also expected. The railroads, hampered by the shortage of freight cars, are still likely to carry some 5 to 7 per cent more traffic in the first half of 1960 compared with the same period in 1959.

From these developments emerge some definite long-term forecasts for Canadian trade in the Midwest. The first is that the Midwest, and particularly the area around the foot of the Great Lakes with Chicago as the hub, will probably continue to provide a growing market for Western Canadian products. In recent years, carloadings from Western Canada have climbed steadily. This trade is likely to be supplemented by pipeline products such as gas, oil and derivatives, which in turn strengthen the Midwest industrial complex. At the same time, these states continue to offer significant market opportunities to Eastern Canada, especially in the Great Lakes region with its abundant transport facilities.

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The build-up of the Midwest economy and its trade with Canada is reflected in the increased movement in recent years of newsprint, lumber and wood products, industrial materials, ores, non-ferrous metals, non-metallic minerals, fertilizer, agricultural machinery and a wide range of other goods (some manufactured) in lesser volume. It is also evident that Chicago is becoming more and more a testing-ground for Canadian products from both Eastern and Western Canada. Since 1955, the value of annual vertical shows in Chicago for the promotion of building products, footwear, machinery and metals, sporting goods and foodstuffs has been demonstrated repeatedly. At present, trade-show participation is one of the most important means of trade promotion—as well it might be, with 1,000 conventions and trade shows in the city each year.

An interesting corollary to the increasingly close trade relations between Canada and the U.S. Midwest is that as Canada is the biggest foreign market for products made in the Midwest, the area is a recognized source of branch plants for Canada. This is reflected in the fact that in the past five years, three Canadian banks have established representation in Chicago in addition to the two already here. One Canadian province maintains a full-time industrial representative in Chicago to serve the Midwest.

This close relationship is also recognized by the Chicago Association of Commerce and Industry, which in the past five years has organized the Canadian-American Trade and Industry Committee and through it sponsored two conferences on Canada-United States trade and industry.

Although in U.S. coastal cities international trade is very diversified, in Chicago Canadian trade predominates. And though the St. Lawrence Seaway provides the prospect of greater diversification, given the basic conditions in the Midwest and Canada, the direction of trade is likely to remain north and south. ●

The U.S. Lumber Market in '60

Signs point to lumber sales equal to those of last year, with purchases by other wood-consuming industries offsetting any drop in demand by home builders.

BRUCE I. RANKIN, *Deputy Consul General (Commercial), New York.*

DURING 1959 the near-record level of residential construction and a high level of industrial activity resulted in a greater demand for lumber in all major lumber-consuming industries. Lumber production in the United States last year was estimated at 36 billion board feet, or 6 per cent above 1958. In addition, over 4.2 billion board feet of lumber was imported, practically all from Canada.

The outlook for the lumber industry in 1960 is favourable. Production and consumption will probably be sustained at or near the 1959 level. Although a decline in housing starts is projected, greater activity in other wood-consuming industries is expected. According to a U.S. Department of Commerce forecast, new construction expenditures in 1960 may reach a record $55.3 billion, an increase of 2 per cent over 1959. However, because of rising construction costs, total dollar outlays will represent about the same physical volume of work as in 1959.

Housing

Although residential building was the mainspring of total new construction gains in 1959, increases in non-residential categories will be responsible for the rise this year. Some estimates of private non-farm housing starts in 1960 go as high as about 1,250,000 units—about 125,000 less than in 1959. Actually, the 1960 trend in home-building began at a fast tempo, then slackened off as the year drew to a close. For 1960 the outlook is for a relatively slow beginning with a sharp pickup during the second half. There is evidence of some easing in the stringent mortgage market which should encourage a stepped-up rate of housing starts. Most other types of private construction—including commercial and religious buildings, schools and recreation facilities and public utilities—should increase. Industrial building is expected to show the greatest gain from the standpoint of new contract awards and work put in place. Contract awards may increase 20 per cent over 1959 and the rise in actual construction could approximate 30 per cent. Commercial building outlays are also likely to continue their expansion this year, rising as much as 20 per cent above 1959, mainly because of increased office building and suburban shopping-centre activity. Expenditures on farm construction will probably decrease.

Public construction is expected to go up slightly—from $16.2 billion in 1959 to $16.5 billion in 1960. Highway construction (which uses only a small volume of lumber in any event, but which is the largest single segment of public construction) may decline slightly. Public housing starts are estimated at 35,000 units compared with 40,000 in 1959.

The use of lumber in residential construction will be affected to some extent by the relatively larger proportion of multiple family units compared with single dwellings; multiple family units usually require less lumber per unit. On the other hand, this loss will be partly offset by a gain in the consumption of lumber for alterations and repairs and particularly in the addition or conversion of rooms of existing dwellings and the addition of second garages.

Wooden Pallets

Production of wooden pallets (warehouse, storage and shipping devices) in 1959 reached an all-time high of more than 50 million units, surpassing the previous record of 49.7 million in 1956 and substantially above the 44.4 million of 1958. Lumber consumed in pallets in 1959 is estimated to have exceeded 1.25 billion board feet. The increase in wooden pallet production is expected to continue in 1960 with a probable rise of at least 5 per cent.

Wirebound Boxes and Crates

Total shipments of wirebound boxes and crates gained about 8½ per cent in dollar volume in 1959 over 1958, with industrial boxes up nearly 10 per cent and fresh fruit and vegetable containers up nearly 3 per cent. Production of wooden boxes (nailed and wirebound), which use substantial amounts of lumber, increased about 5 per cent compared with 1958 but was still below 1957. The gain was principally in boxes for use in shipping industrial products. In 1960 it is expected wooden-box production will show a modest increase over 1959.

Lumber for Railroads

Expenditures by railroads for plant and equipment, maintenance and repair in 1959 reached $855 million, or 15.8 per cent above the $738 million of 1958. The estimated consumption of lumber last year for all purposes, including ties, was one billion board feet. As of October 1, 1959, Class One railroads reported 147,242 freight cars of all types undergoing or awaiting repairs. The Class One serviceable fleet at that time included 656,278 boxcars, down somewhat from the same date of the previous year.

The outlook for lumber consumption by the railroads in 1960 is encouraging. Carloadings are expected to expand and the railroads will benefit in 1960 from government-guaranteed loans of over $50 million authorized in 1959. Production of 55,000 railroad cars is expected this year, 60 per cent more than in 1959. Consumption of lumber by railroads is thus estimated at approximately 1.3 billion board feet, an increase of about 33 per cent over last year.

Furniture

Manufacturers' shipments of household furniture in 1959, estimated at $2.9 billion, increased 14 per cent over 1958, thus reversing the down-trend of the two previous years and surpassing 1956 as the peak year for the industry. Shipments of wooden (not upholstered) furniture, which accounted for 50 per cent of total shipments, increased 23 per cent.

Though there are some indications of tempering influences on a 1960 upswing in furniture production, on balance a gain of 7 per cent over 1959 is indicated for the industry this year. Estimates of new residential housing starts indicate a drop of about 125,000 units and this could mean a decline in purchases of furniture for both replacement and enlarged quarters. However, any fall in demand for furniture as a result of fewer housing starts is expected to be more than offset by the demand resulting from a rise in construction of motels, college dormitories and large hotels. The general trend of prices is expected to be up.

Outlook

In summary, therefore, Canadian lumber exporters can look for a market in the United States in 1960 of about the same size as in 1959. The continuing use of metal and other competing materials, particularly in housing, has been causing concern in the lumber industry. However, Canadian lumber exporters should benefit from a $1.3 million nation-wide advertising and promotion program that the U.S. lumber industry is financing this year. This program got into full swing during 1959 and appears to have stimulated the use of wood. ●

Australian Trade Mission

The Australian Trade Commissioner in Montreal has announced the itinerary for the 40-man Australian trade mission that is to visit Eastern Canada in May and June. The group will be in Toronto from the evening of May 18 to May 28, in Montreal from the evening of May 28 to June 5, in Ottawa from June 5 to 7.

Members of the trade team, headed by Sir Douglas Copland, former Australian High Commissioner to Canada, include Australian export merchants in a wide field: foods, wines, metal products, textiles, clothing, banking, investment and the tourist trade. Canadian businessmen who would like to meet members of the mission should contact the Boards of Trade in Montreal, Toronto and Ottawa.

Businessman's Bookshelf

Canada Year Book 1959

Dominion Bureau of Statistics. 1,259 pages. $5.00.

HERE is Canada's "blue book" again, the official statistical annual of our resources, trade, history, institutions, and social and economic conditions. As in the past, the yearbook features new articles in each edition. This one includes essays written by well-known authorities on the Atlas of Canada, the Climate of Canada, the International Geophysical Year, Canada's Mineral Industry, the Fisheries Research Board, Steel in Canada, and the History of Canadian Journalism.

In addition to the mass of data in tables, graphs, maps and text that are extensively revised every year, the book maintains its usefulness by including a complete list of material that has appeared in former editions. Another of its handy features is a 30-page directory of sources of official information, arranged by subject. In all, an indispensable reference work for the business library.

Order from: The Queen's Printer, Ottawa.

The Middle East 1959

Europa Publications Ltd. 491 pages. $13.50.

THIS seventh edition more than lives up to the standard of excellence set by its predecessors. Between an initial note on the transcription of Arabic names and a final bibliography of periodicals dealing with the area, this book contains a wealth of information about the countries in the Middle East—their geography, history, religion, systems of government, laws, education and the vital statistics of their economic life.

The practical value of this volume is further enhanced by the addition of a great amount of factual data, including names of members of the Government and Diplomatic Corps of each country, leaders of political parties and religious bodies, lists of newspapers, press agencies, banks, trade and industrial organizations, libraries, universities, etc., with addresses, names of principal officials and other pertinent facts.

All this information is arranged in compact, easily available form to facilitate speedy reference. The countries are arranged in alphabetical order and the information for each country follows a standard pattern. All in all, it is a must for anyone seriously interested in the area.

Order from: Europa Publications Ltd., 18 Bedford Square, London, W.C.1, England.

Opportunity for Investment in Tropical Hardwoods

United Kingdom Board of Trade. 4 pages. Free.

FIRMS interested in the exploitation and processing of hardwoods in British Honduras will want to obtain a copy of this pamphlet outlining details of the proposals. The region to be opened for cutting is the 180-square-mile Cockscomb Basin, most of which is covered with high forest. Tenders are invited for a long-term forest licence whereby, as the brochure states, "the licensee holds a right in perpetuity to exploit provided that certain conditions are observed, notably the development of the area."

Businessmen interested in learning more of the forest management licence system or in receiving any technical data should write to the Conservator of Forests, Box 181, Belize, British Honduras. Applications should be posted to the Conservator by registered mail before noon on May 28, 1960.

Order from: United Kingdom Senior Trade Commissioner, 56 Sparks Street, Ottawa.

International Marketing Research News

Quarterly newsletter of the International Market Analysis Contact Group, American Marketing Association. Free.

BUSINESSMEN who are hazy on the progress being made in marketing research will find this new bulletin helpful in keeping them up-to-date on techniques, and in providing them with other sources of related information.

The publisher is the International Marketing Association Contact Group, formed recently within the American Marketing Association. The group was set up for the exchange of ideas between persons in industry, government, research institutes or universities who are doing world-wide market analyses. It plans to gather lists of people interested in international marketing and publish the names first in the bulletin and later in a directory. Readers are invited to submit comments and suggestions, plus data on meetings, papers and books of interest, and additional sources of information for possible publication in the newsletter. It is not necessary, the editors add, to be a member of the AMA in order to co-operate with the Contact Group.

Order from: Mr. Arthur Morgan, Erdos & Morgan, 1181 Broadway, New York 1, N.Y.

1959 Hong Kong Commerce, Industry, Finance Directory

Hong Kong Commerce and Industry Department. 114 pages. Free.

THIS directory, published every year by the Hong Kong Government for the overseas businessman, provides up-to-date trade information for the long-time exporter and a valuable briefing for the beginner. Canadians, according to the January 30 issue of *Foreign Trade,* can sell as successfully in Hong Kong as anyone—provided they can meet stiff foreign competition. As the directory says: "The goods of the whole world compete in the Hong Kong market on a free and equal basis; no better testing ground can be found."

Unlike many directories, this one has managed to be attractive as well as practical and its text interesting as well as informative. Statistical tables on imports, exports, banking, shipping companies, port facilities, industrial production, commodity and exchange controls, and lists of Hong Kong products, brand names, tariffs and cable addresses round out the picture. Some superb large-size photographs, many in full colour, give added attraction and convey much of the atmosphere of the Colony.

Order from: Commerce and Industry Department, Fire Brigade Building, Hong Kong.

International Marketing

By Roland L. Kramer. 646 pages. $7.25.

DR. KRAMER, who is Professor of Commerce and Transportation at the Wharton School of Finance and Commerce, University of Pennsylvania, and Executive Secretary of the Foreign Traders Association of Philadelphia, Inc., is well qualified to explore the field of international marketing. He has behind him 35 years of experience as a lecturer on foreign trade and 25 years of association with Philadelphia businessmen.

This book, like its companion *International Trade,* is intended to be used by students of commerce and economics and by businessmen interested in foreign trade. It is divided into three parts: the *why* of international marketing, the specific ways in which to participate in international business, and the technical and financial features of doing business abroad. In chapter three, the exporter will learn how costly mistakes can often be avoided by conducting market surveys. In part two he will learn how to set up foreign trading machinery: either by an allied company arrangement, an export manager in the firm, a separate export department, or an international marketing subsidiary. Part three covers pricing, packing, shipping and insuring; credits, collections and guarantees; foreign exchange; international banking facilities; letters of credit, and foreign commercial law.

The book is well laid out and is set in large, easy-to-read type. It includes useful summaries and bibliographies at the end of each chapter, plus an excellent six-page index.

Order from: W. J. Gage Limited, Box 550, 1500 Birchmount Road, Scarborough, Ontario.

The Commonwealth Year Book, 3rd Edition

Europa Publications Ltd. 1,145 pages. $20.

THE businessman who wants to keep abreast of the growth in and the changing status of Commonwealth members should invest in this comprehensive reference book. The indispensable data, both political and economic, on the big Dominions, the new Republics or Federations, and even the tiny island groups are all there. If he has business interests in India, for example, the exporter will find figures on Indian external trade and production for 1958; agricultural output for 1957-58; the government budget for 1959-60; expenditures on the First and Second Five Year Plans; lists of shipping lines that maintain offices in Indian cities; a directory of Indian newspapers and periodicals, of universities and research institutes, and so on.

This edition contains a new feature—a section on "Commonwealth Institutions", put in, the foreword says, "to record the primary facts about these institutions . . . through which to maintain, upon a basis of equality, the old colonial closeness of contacts and co-operation." The section carries a useful summary of Colombo Plan contributions and expenditures and also a report on the Commonwealth Education Conference held at Oxford last summer.

Most of the information included is as current as late 1959, and even the statistics are for 1958, with certain exceptions. Into one volume the *Year Book* packs an amazing amount of material.

Order from: Europa Publications Ltd., 18 Bedford Square, London, W.C. 1, England.

Bags of coffee begin their journey to export markets on the shoulders of sturdy stevedores at Brazil's coffee port, Santos.

Brazil Has Too Much Coffee

R. C. ANDERSON, *Vice Consul and Assistant Trade Commissioner, São Paulo.*

As coffee piles up in Brazilian warehouses, waiting for buyers, foreign exchange earnings shrink. This gives the coffee problem importance far beyond Brazil's borders.

THE decline in world coffee prices from 1956 on has cut down Brazil's export earnings drastically. Prices in 1957 fell 14 per cent below 1956 and in 1958 dropped another 10 per cent. Brazil's returns from sales of coffee abroad reached only U.S. $680 million in 1958—19 per cent less than in 1957 and 33 per cent less than in 1956. In 1958, they went up, it is estimated, about 10 per cent to U.S.$750 million. Total earnings from Brazilian exports reached $1,243 million in 1958, a drop from $1,392 million in 1957 and $1,482 million in 1956. Coffee provides over half these export earnings.

Brazil has also seen her position as the world's foremost coffee supplier weakened. Time was when she supplied 75 per cent of the coffee on the world market; in 1935-39, the figure fell to just over 55 per cent, and by 1958 to 35.5 per cent.

A number of developments have brought about this deterioration in the Brazilian position. The first is that the rise in world coffee production has outstripped the growth in coffee consumption. Another is the fact that the other Latin American countries have retained their share of the world coffee market. They produce and sell abroad mainly mild coffee and a narrowing of the price margin between the mild and the strong (or Brazilian) coffee resulted from the price-support policy practised by the Brazilian Coffee Institute. This intensified competition between Brazil and the other Latin American producers.

A third development is the rise of coffee output in Africa. African coffee—principally the Robusta type—has proved popular in the making of soluble coffee. Brazil's exports of medium Arabica types of coffee have felt the competition. A few figures will demonstrate how African producers have increased their share of the international market.

Per Cent of World Market

	1935-39	1957
Angola	1	3.5
French African territories	0.7	5.85
Uganda	0.7	3.6

Late last September, a new International Coffee Agreement was signed in Washington by countries producing 85 per cent of the world's coffee. Under this agreement, the signatory countries undertook to limit their exports to fixed quotas, based either on 90 per cent of the amount exported in the most favourable of the last ten years or on 88 per cent of their exportable 1959-60 production as estimated by the U.S. Department of Agriculture. The objective is to bring supplies into balance with demand and thus to keep prices firm. The British and Belgian territories in Africa were not included in the agreement but the British and Belgian Governments, acting on behalf of their African colonies, expressed their intention to co-operate with the agreement countries in limiting coffee exports.

Suggested Solutions

The agreement does not, of course, eliminate Brazil's coffee problem. Two possible solutions are suggested. One is to cut coffee prices, which Brazil could do because she held back tremendous quantities of coffee in 1957, 1958 and 1959. But if she reduced prices to under-sell her African competitors, would this make up for the deficit in the balance of payments when returns from coffee slumped? The world supply of coffee for export is now estimated at 55 million bags a year and the demand in importing countries at between 39 and 42 million bags. A price war with African producers would, it appears, only aggravate the situation. The real reason for the coffee crisis is apparently over-production and until consumption comes more or less into balance with output, the problem will persist.

Some Brazilian experts feel that production costs in Brazil could be lowered and this would make Brazilian coffee more competitive with African. Another proposed solution is to step up world consumption. The Brazilian Coffee Institute is pursuing this line of attack aggressively and its "hard-sell" technique should bring results. The Institute is attempting particularly to encourage U.S. consumers to use more coffee by persuading them that they should reduce the ratio of cups per pound from 64 to 50 or under.

Canada reached a new high in coffee consumption in 1958—8.05 pounds per person against only 7.88 in 1957. Soluble coffee has become more popular in Canada than in any other country and accounted in 1958 for 30 per cent of total consumption. Imports of coffee into Canada have gone up in volume but down in value as prices have fallen.

IMPORTS OF COFFEE INTO CANADA

	Volume	Value
1956	109.6 million lb.	$62.7 million
1957	110.5 million lb.	$59.1 million
1958	118.3 million lb.	$55.3 million

Although the Washington Agreement limits Brazil to exports of 17.4 million bags for the coffee year beginning October 1, 1959, it exempts sales to new markets, including Russia and several of the Communist Bloc countries in Europe, Japan, Korea, Communist China, Taiwan, etc. The Brazilian Coffee Institute and the Economic Department of Brazil's Foreign Office are trying now to sell coffee to the Communist countries.

In the 1958-59 coffee season, Brazil produced 26.5 million bags and exported only 14.6 million, securing only 32 per cent of the world market. This surplus, added to holdovers from previous seasons in the Coffee Institute's warehouses, makes a total of nearly 22 million bags that remain unsold but for which the farmers have been paid. By the end of June 1960, the carryover could reach 34 million bags; the 1959 harvest is estimated at 30 million.

In the past year, Brazil's coffee exports have proved better than expectations (17.7 million bags compared with 12.9 million in 1958), and foreign exchange earnings from coffee were up 10 per cent in value over the same period of the previous year. None the less, the problem continues to be formidable.

The reason is simple—there's just too much coffee. ●

Israel Builds a Port

SETTLEMENT of Israel's barren Negev desert will depend to a large degree on improvement of existing transportation and port facilities and industrial development in the area south of Tel Aviv. With this in mind, a group of Israeli and United States investors formed the Ashdod Company three years ago to construct a modern port and to promote urban and industrial development at Ashdod-Yam, on the eastern Mediterranean coast some 20 miles south of Tel Aviv.

The Israeli Government made a special grant of approximately $1.8 million for a basic study of the port project. A technical survey was carried out early last year by the French Laboratoire Hydraulique Centrale. On the strength of this, the New York firm of Frederic Harris and Company was given a $1.5 million two-year contract for design and planning, including models, in September of last year.

Negotiations for long-term financing of the port project appear to be under way, and Belgian and French groups have been approached on construction and financing. Offers have reportedly been received covering 70 per cent of the first-stage cost on a long-term payment basis (16 to 17 years). It is expected that international tenders for the first stage—including construction of a breakwater—at an estimated cost of $32-$35 million will be called for later this year. Completion of this first stage should provide an annual handling capacity of 1.6 million tons by 1965.

Second and third-stage development of the port, to a total cost of $60 million, should raise capacity to 3.6 million tons a year. This would make Ashdod port nearly 50 per cent larger than Haifa, which should by that time have an annual capacity of 2.4 million tons. It is rumoured in Israel that the World Bank may finance the first stage of the Ashdod project.

To date only one factory of note has been established at Ashdod (Rogosin, of the U.S.) but it is reported that negotiations are under way with several foreign firms, including the Revlon Company of the U.S.

—L. D. R. DYKE,
Assistant Trade Commissioner,
Athens.

Advertising Abroad

In the Netherlands, the safest way for advertisers to cater to the special tastes and preferences of the Dutch is through an agency; advertising must be fully adapted to Netherlands customs and traditions.

J. C. BRITTON, *Commercial Counsellor, The Hague.*

ADVERTISING in the Netherlands is becoming a highly specialized art. This market has its idiosyncrasies, taboos, customs and advertising problems—and Dutch advertising experts are in the best position to interpret them.

Practically all the advertising media used in North America are available to Canadian exporters interested in developing or expanding markets in the Netherlands, with two notable exceptions: radio and television. Commercial advertising on radio or TV is at the moment not permitted. Some advertisers use Radio Luxembourg and some German TV stations, but coverage from these points is limited. Netherlands advertising experts are making increasing use of market research, marketing surveys and merchandising studies before they recommend specific media to clients.

Because there are virtually no import or payment restrictions on goods coming into the Netherlands, manufacturers face keen competition from Western Europe, Japan and North America. Planned advertising therefore becomes a must to compete in this market.

Advertising Is Controlled

Holland is a small country (only about 13,000 square miles), but it has a population of more than eleven million with a relatively high and improving standard of living. Prejudices and taboos governing advertising are plentiful. The Dutch are a conservative and religious people and their inherent individualism is exemplified in the number of religions and religious sects. All this has an important bearing on everyday political and economic life and must be studied when advertising programs are being considered.

As world traders, the Dutch have perhaps fewer prejudices against imported goods than many countries, but for all products, imported or otherwise, there are strict regulations covering indecent advertising and direct attacks on competitors. Advertisements for medicinal products, including popular remedies, health courses and the like, must be presented to a special Medical Board before release. Some newspapers and periodicals do not accept pictorial advertisements of garments if they have too much "cheese-cake" in them. When showing home life and domestic scenes, an advertisement may portray a large family in the predominantly Roman Catholic south, but not in the rest of the country. The guiding theme of most current advertising in the Netherlands is conservatism, with little or no sensational or exaggerated claims for particular products or services.

There is a wide choice of media for the would-be-advertiser—from newspapers and periodicals to sky-writing and banner-towing; the one used will depend upon the product. There are about 170 daily newspapers, including 60 regional editions of national papers. Newspaper circulation totals 3 million, 95 per cent by subscription. Other advertising outlets include magazines, trade journals, directories and yearbooks, films, film slides and shorts. For direct-mail advertising, letters, folders, circulars, newsletters, catalogues and calendars are in demand. Outdoor advertising on posters, billboards, electric signs and streamers is popular, as is the use of streetcar and bus space. Counter and window showcards, dealer signs, dispensers, displays, samples and premiums are all used, though premiums are regulated by law.

Outdoor poster sizes are standardized at 83 x 116 centimetres. The Netherlands Railways offers adequate billboard facilities at stations throughout the country; as a rule, billboards and posters are prohibited on highways. It is not possible to advertise on trains, although the Netherlands Railways accepts advertisements in its monthly magazine *Tussen de Rails,* which is popular with advertisers. Supplies of this magazine, issued by the company's public relations section, are placed on all trains.

Press advertising is ruled by a convention signed by representative organizations of advertisers, daily newspapers, periodicals and recognized advertising agencies. Columns for advertisements in the newspapers are standardized at 40 millimetres. Most newspapers have nine columns; some have eight or ten.

In national dailies the price for a contract of 5,000 millimetres varies between fl.0.40 per mm. to fl.1.70. About 30 dailies accept printing in more than one colour for a surcharge of fl.100 to fl.300 per colour.

There are an estimated 3,000 periodicals published in the Netherlands, including weekly family magazines, political weeklies, women's magazines, and radio, TV, fashion, trade, sport and recreation publications. Cinemas in the Netherlands number about 500 and an estimated 5,000 cinema posters with space for 30,000 ads are placed about the country.

Consult an Agency

The Netherlands has a large number of agencies that plan advertising, write copy and insert advertisements. Many international advertisers and the majority of the agencies in the Netherlands know that most advertising used in other countries must be adapted to Netherlands customs and conditions. Brand names, general themes and part of the illustrations may be applicable, but the layout, copy and over-all effect of the advertisement may often have to be changed to conform with Dutch advertising practices and to appeal to the Dutch public.

Most leading advertising agencies in Holland have reciprocal arrangements with United States agencies and, to a lesser degree, with Canadian. There are a number of Dutch agencies with departments specializing in marketing, merchandising and market research. These departments have, generally speaking, been set up recently to meet customer demand. Services of advertising agencies are covered by a commission of about 15 per cent. Artwork and production costs, plus special services such as market research, are charged separately.

The leading advertising agencies in the Netherlands can translate English, French or German copy. Many Dutch people speak more than two or three languages (English is probably in the lead), and English copy presents no translation problem. All copy except highly technical types is translated as part of the normal service. If a technical translator is required, costs are charged to the advertiser.

Trade Fairs

Trade fairs are used fairly extensively for advertising goods and services in the Netherlands. The more important ones include:

Royal Netherlands Industries Fair, Utrecht (spring fairs for consumer and technical goods and a fall fair for consumer goods).

Packaging Fair, Amsterdam.

Automobiles, Motor Cycles and Accessories Fair, Amsterdam.

Electrotechnical Goods, Radio and Television Fair, Amsterdam.

Agricultural Machines and Implements Fair, Amsterdam.

There are also shows for footwear and textiles and special ones like the Nebato Bakery Exhibition in Amsterdam, May 10-19, sponsored by the Netherlands baking industry. Canada is participating in this exhibition.

Time to Advertise

From this review, the reader will realize that advertising in the Netherlands is a highly specialized business. There are first-class agencies to help and their services are recommended. The economy is booming, with every indication that flourishing conditions will continue. Total advertising expenditure in Holland in 1959 was estimated at over $100 million, broken down as follows: dailies 30 per cent; magazines 10 per cent; trade papers 10 per cent, and other media 50 per cent. And these expenditures are expected to rise in future as business continues to expand. ●

Though foreign advertisers must remember that Dutch tastes tend to be conservative, they are an enterprising and progressive people, as their cities rebuilt after war devastation illustrate. This picture was taken in the centre of Rotterdam, and shows its department stores, fashion houses, and Wholesale Trade Centre.

Can We Sell Wheat to Egypt?

Under a new agreement with the United States, a portion of Egypt's wheat imports will be open to world tender. What are the prospects for our high-quality product?

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

AGRICULTURE is the most important segment of the economy in the Egyptian Region of the United Arab Republic. The six million acres of the Nile Valley and Delta, which have been cultivated intensively for at least 6,000 years, are among the most fertile in the world. Natural regeneration of the soil is brought about by the annual flood of the Nile which brings rich alluvial sediment from Ethiopia. Today this is supplemented by chemical fertilizers and dams and irrigation projects conserve water and allow year-round cultivation.

Domestic Production

Two-thirds of Egypt's population of approximately 25 million live on the land and population density averages 1,200 per square mile. Two-thirds of the national wealth is invested in agricultural production and distribution and 45 per cent of all industrial capital is invested in factories based on agricultural raw materials.

Climate and general conditions for agriculture in Egypt differ greatly from those in Canada. There is virtually no rainfall and hence the importance of irrigation. Winters are mild, with no snow or frost; the temperature never falls below 40 degrees, night or day. Summer lasts for nine months and although the thermometer often tops 100 degrees, the humidity is rarely excessive. The arable land of the Nile Delta and valley is completely flat, but mechanization is regarded with some scepticism in a country where cheap labour abounds and capital is scarce.

Wheat, the principal winter crop, is sown in November and harvested in May. It comes second in importance to cotton as a cash crop and behind corn in volume of production. Cotton contributes 25 and wheat 11 per cent to the total value of agricultural output. Because of its value as food, however, one-third of all cultivated land must by law be sown to wheat. Cotton is restricted to one-third of the total cultivated area.

Unlike Canada, Egypt has a predictable and favourable climate and thus production does not vary greatly from year to year; average annual production between 1935 and 1958 totalled about 40 million bushels. In recent years, greater use of fertilizers and better seed have increased the average yield from 23 to 36 bushels per acre and the harvest in the last few years has totalled about 50 million bushels.

Increasing production, whether through better farming techniques or bringing more land under cultivation, cannot hope to keep pace with growing consumption. In ancient times Egypt was known as "the granary of the world". As recently as pre-World War II, this country was a net exporter of wheat. However, a rapid population increase (300,000 a year) particularly in the cities, plus a rising standard of living, have caused not only a shift in taste from other grains to wheat but also a rise in consumption per capita from 2¼ bushels in 1950 to over 3 bushels in 1955. The net annual consumption—production plus imports—has jumped from one million tons in the 1930's to 2.8 million tons today.

Egyptian Imports

Import statistics point up the increasing quantities of wheat and flour obtained from abroad. Canada was a supplier in the early 1950's but since 1953, when she shipped 3½ million bushels of wheat and 367,000 barrels of flour, no Canadian wheat or flour has gone to Egypt, with the exception of flour donated to UN refugee agencies. One reason is that Egypt was able to obtain much of her requirements from the United States under Public Law 480. In the latter half of 1956, with the Suez crisis in full swing, shipments from the United States ceased and Egypt's desire to purchase 200,000 tons of wheat from Canada at that time was frustrated by lack of shipping.

During 1957 and 1958, the wheat supply position became increasingly critical. Egypt then resorted to barter deals using cotton, triangular arrangements, long-term payment agreements, and purchases from Russia for local currency. Italy, Spain and France also supplied the Egyptian market.

In 1959 the crisis ended with the resumption of sales by the United States under PL 480, with payment in local currency. In July last year an agreement was signed between the United Arab Republic and the United States. Under this, the U.S. agreed to supply wheat and flour equivalent to 800,000 tons of wheat for local currency during the crop year ending July 31, 1960. This represents two-thirds of the Egyptian Region's estimated requirements and part of the agreement is that the United Arab Republic will obtain 450,000 tons of wheat or equivalent on a commercial basis.

The United Arab Republic is a member of the new International Wheat Agreement which came into effect on August 1, 1959. Under the agreement, Egypt has undertaken to buy commercially 156,000 tons from one or more of the nine exporting members, including Canada and the United States. This commitment is duplicated by the agreement with the U.S. to buy 450,000 tons commercially. But while the U.S. agreement is effective, the International Wheat Agreement undertaking is purely academic.

What are the possibilities that Canada can bid successfully for Egypt's wheat requirements? In the last six years we have made every effort to sell wheat to Egypt but without success. The reason for failure has been the shortage of foreign exchange, which means that wheat must compete for priority with other essential goods. Under these conditions, quality takes second place to price and hard Canadian spring wheat is top quality but also high priced. Moreover, the demand is for products made from lower grades and for cheaper flour, not for the type of bread and other bakery products which are best made with Canadian flour.

In the years to come, Egypt will require more and more imported wheat and flour to satisfy the needs of a rapidly increasing population. Now that the acute pressure on wheat supplies generally has been removed and the foreign exchange position has improved slightly, it is possible that Egypt will be able to give more consideration to satisfying the small demand for high-quality bakery goods. When this happens, Canada will be able to compete for this specialized market. ●

Britain Imports More Canned Fruit

Market for canned fruit in Britain should improve for Canadian suppliers; per capita consumption is rising and quantitative restrictions may be abolished this year. Canadian sales in '58 reached only about one-fifth of prewar level.

D. B. LAUGHTON, *Agricultural Secretary, London.*

THE United Kingdom is the world's biggest importer of canned fruit. The trade was severely dislocated by the war and bulk purchasing by the Government was maintained as late as 1955. But the business was then allowed to revert to private firms, who were free to import from most non-dollar countries.

When did Canada and the United States re-enter the picture? (The U.S. was Britain's biggest supplier before the war.) Shipments from the United States began soon after 1955 under the Mutual Security Act and, following Canadian Government representations, limited imports under licence were permitted from Canada, based on the prewar ratio of trade between the three countries. The arrangement gave Canada only one-tenth of the volume it gave to the U.S. and the opportunity to re-establish sales and brand names was therefore lamentably small.

End of Licensing in '60?

After the MSA disposal program ended, however, specific allocations were set up for North American canned fruit imports, within which Canada was free to compete with the U.S. This arrangement is still in existence for dollar countries. The original quota for canned deciduous fruits was £2.2 million, but after representations it was increased in 1959 to £3.2 million c.i.f., covering the twelve-month period ending August 31, 1960. An additional quota, available to dollar countries and some others, has been established for canned apples (£800,000 c.i.f.) and there are other quotas for citrus fruits. The market for dried fruit and fruit juices other than orange and grapefruit juice is now unrestricted.

With the final disappearance of the dollar problem that has beset the U.K. economy for the last decade there seems to be no reason to maintain quantitative restrictions on canned fruits. The trade is optimistic that licensing will be abolished in 1960 with the ending of quotas.

Import quotas are distributed among British firms through a licensing system based on the recent import activity of each. There are some 200 canned fruit import licencees for dollar purchases. These include not only the prewar traditional importers and distributors of North American canned fruits, but also those who are active in the canned food trade with other countries.

IMPORTS OF SWEETENED CANNED FRUIT

	1956	1957	1958	1959 (Jan.-Nov.)
	('000 long tons)			
Peaches	67.2	52.0	84.8	69.6
Pears	40.0	37.6	45.3	48.8
Apricots	29.0	16.0	20.0	15.8
Fruit salad	6.4	7.0	12.6	8.5
Pineapple	61.6	56.4	70.6	57.9
Apples	0.1	..	0.1	.2
Plums	0.2	0.3	1.8	
Grapefruit	11.8	10.7	16.5	12.3
Oranges	39.6	27.2	30.8	30.7
Currants and berries	2.0	5.9	9.5	5.1
Others	5.9	4.2	6.1	3.0
Total	263.8	216.4	298.1	257.0

Pattern of Imports

Peaches have maintained their wartime position as the favourite canned fruit but pineapple has regained second place, followed by pears, oranges and apricots, in that order. Fruit salad still accounts for a relatively small volume of imports but sales have doubled since 1956 and its popularity seems to be growing.

The U.K.'s principal sources of supply of canned fruit are the sterling Commonwealth countries, principally Australia and South Africa. Japan has emerged as the main non-Commonwealth supplier (shipping only Mandarin oranges), followed by the United States. In 1958 Canada's shipments totalled 1,200 long tons, or much less than 1 per cent by volume of total imports, compared with 7,000 tons in 1938. Peaches and pears were the principal types of fruit in the Canadian shipments.

Imports of unsweetened canned fruits and fruit pulp have also risen in recent years, reaching 53,000 tons in 1958. They declined in the first eleven months of 1959, particularly canned apples.

Domestic Production Rises

SOURCES OF U.K. IMPORTS OF SWEETENED CANNED FRUIT IN 1958

Commonwealth	'000 long tons
South Africa	87.8
Australia	70.4
Malaya	31.4
Jamaica	4.8
Canada	1.2
Other Commonwealth	9.9
Non-Commonwealth	
Japan	30.7
United States	18.8
Netherlands	9.8
Italy	4.6
Other foreign	30.0
Total	299.4

Accompanying the rise in total imports to about 350,000 tons in 1958, there has also been considerable expansion in the U.K. fruit-canning industry. In recent years output has climbed to three times the prewar pack and in 1958 it totalled 99,000 tons. Preliminary figures for 1959 indicate that the rise is continuing, though the rate of increase is slackening. With larger volume, there has also been a change in the varieties packed. Plums no longer predominate; they have been replaced by fruit salad. In 1958 almost 18,000 tons of fruit salad were canned in Britain and over 10,000 tons of peaches and pears, mostly from imported fruit. In addition, the pack of strawberries and other berries in 1958 totalled 24,000 tons.

In 1958, canned fruits on hand for consumption in the U.K. totalled 450,000 long tons, compared with 250,000 in 1938 and only 76,000 in 1946. This big increase has been absorbed not only by the larger population but by a rise in consumption to 16.5 pounds per person in 1958, compared with 10.3 before the war.

Future Prospects

When I consulted members of the trade recently about prospects for canned fruit sales in the United Kingdom, many of them prophesied further increases in consumption, though at a slower rate, but none could make specific forecasts. Among the factors that will influence demand considerably are the rate of population growth, the level and distribution of incomes, the increasing use of refrigeration in homes and retail outlets, the acceptance of frozen foods, and above all the price relationship of canned fruit to fresh and frozen fruit, and competition from other dessert-type foods.

Market appraisal is also complicated by the wide regional variation in consumer preferences in Britain, despite the small size of the country. It is certain, however, that present and future demand for canned fruits in this market of 52 million people is worth close study by Canadian processors.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.

Commodity Notes

Aluminum

ARGENTINA—The Kaiser Aluminium Chemical Corporation of Oakland, California, and the Argentine firm Guillermo Decker S.A. are building a plant at kilometre 53 on the Buenos Aires—Mar del Plata road. It will produce aluminum alloys and primary aluminum products for construction, the automotive industry, household articles and containers of various kinds. Kaiser will invest U.S.$3 million in the plant. For ingot production it will use initially mainly imported bauxite—Buenos Aires.

Caprolactum

NETHERLANDS—The Director of the Netherlands State Mines announced recently that caprolactum production is now nearly four times the 1953 volume and is to be doubled in the near future. Current daily output is enough to produce two million pairs of nylon stockings and the price is half that in 1953—The Hague.

Coconut Products

CEYLON—Ceylon's coconut products earned more during 1959 than for many years because of increased exports and good prices resulting from poor crops in Indonesia, the Philippines and Malaya. According to official figures, exports of copra, oil and desiccated coconut yielded over Can.$45.2 million up to the end of November last year, compared with Can.$32.6 million in 1958 and Can.$31.8 million in 1957.

India was the biggest buyer of Ceylon copra last year, taking 35,000 tons up to the end of November; Communist China bought 2,600 tons. Among the oil buyers, Italy topped the list with 246,000 cwt.; Germany bought 193,000, Canada 185,000 and the Netherlands 151,000. Traders here feel that the demand for coconut products will continue to expand—Colombo.

Drugs

PAKISTAN—An agreement has been signed between the Pakistan Industrial Development Corporation and Messrs. May and Baker Ltd., of Dagenham, England, to build a pharmaceutical factory near Dacca, East Pakistan. This new enterprise, under the name of Pakistan Pharmaceutical Industry Ltd., will make a wide range of products, including sulfa drugs, anti-malarials, anti-histamines, anti-dysentry medicines, and barbiturates—Karachi.

Fertilizer

SOUTH AFRICA—Two-thirds of the fertilizer consumed in the Union of South Africa is used in the Orange Free State and the Transvaal. In the heart of this area a modern $7 million fertilizer factory has been built, with an annual production capacity of 200,000 tons of superphosphate, 112,000 of granular mixtures, and 75,000 of sulphuric acid. Eventually the company expects to export to the Rhodesias and other countries in Africa. Raw materials for the plant, such as potash and some phosphates, will continue to be imported—Johannesburg.

Kainite

ITALY—The well known industrial organization Montecatini, specializing in the mining and manufacture of chemical products, has recently begun operating a kainite mine in Sicily which is believed to be the only one of its kind in the world.

Of the most modern construction, the mine has two shafts—one for extraction of the mineral and the other for ventilation. The working level, at a depth of about 450 feet, has a gallery nine miles long. The mineral is carried 12 miles by a cableway to the factory where it is transformed into potash salt. Part of the production will be used by other Montecatini factories to make special fertilizers and the remainder will be available for export. The fully completed mine will have a daily capacity of 3,000 tons of ore and will employ about 1,000 workmen—Rome.

Livestock

MEXICO—During 1959, the first year in office of the present administration, the value of Mexico's exports of meat and livestock exceeded U.S.$40 million. These sales consisted of 461,000 head of livestock and 30,566 tons of meat, according to the Department of Agriculture. It is estimated that exports will reach 700,000 head in 1960, of which some 320,000 will be sold in processed form. This is in line with the Government's policy of encouraging the sale of meat products rather than live animals—Mexico, D.F.

Mine Ventilators

SOUTH AFRICA—For the first time in South Africa, foul air will be removed from the underground workings of a gold mine through wooden piping instead of galvanized metal ventilation ducts. Wooden piping of 48 and 60 inches in diameter is being installed in one of the largest mine shafts in the world, at the Free State Saaiplaas gold mine. The wooden ducts are made in South Africa from German birch plywood. It is processed to prevent mould growth and is thus resistant to water action—Johannesburg.

Pharmaceuticals

CUBA—A recent Cuban Government decree provides that all pharmaceuticals sold here must henceforth be packaged in Cuba. This regulation covers pharmaceutical, biological and opotherapic products, whether for human or animal use. The only exception will be by special permission of the Minister of Commerce in instances where it is proved impossible to meet the requirements. Importers are given 180 days grace to comply—Havana.

Pharmaceutical Products

BURMA—The Rangoon Drug House Limited, which held a monopoly on imports of pharmaceutical products, is to be liquidated as a company, according to recent reports. Its functions will be taken over by the Burma Pharmaceutical Industry Board. The Rangoon Drug House Limited was a joint venture between the Burma Pharmaceutical Industry and the Civil Supplies Management Board, both government-controlled.

The Burma Pharmaceutical Industry has been extending its operations and last January took control of all the distilleries in the country. Many of these are small and produce "country spirits". They were formerly operated by the Civil Supplies Management Board. The procedures for importing pharmaceutical products into Burma, as laid down in a report in *Foreign Trade* on December 19, 1959, have apparently not been altered—Singapore.

Plastics

NETHERLANDS—Netherlands imports of synthetic raw materials rose from 46,100 tons valued at fl.125 million in 1958 to 55,300 tons worth fl.150.3 million in 1959; 64 per cent came from Euromarket countries compared with 62 per cent in 1958.

The most important synthetic material used in Holland is polyvinyl chloride, a raw material for products such as tubes, floor coverings, thick and thin sheets for curtains, dust sheets, etc. Imports of polyvinyl resins (mostly polyvinyl chloride) rose from 13,300 tons in 1958 to 16,100 tons in 1959. Foreign purchases of polyethylene, a raw material for making tubes, pails, sheets for packaging, etc., rose from 6,000 tons in 1958 to 6,400 tons in 1959. Imports of polystyrene jumped by 67 per cent, from 2,100 tons in 1958 to 3,500 last year. Dutch exports of synthetic raw materials climbed from fl.74.5 million to fl.95 million during the same period—The Hague.

Prawns, Shrimps

PAKISTAN—A new cold-storage plant to handle Pakistan's increasing catch of prawns and shrimps was scheduled to begin operations in late February at Khulna, East Pakistan. It is expected that a proportion of the output will be available for export. The Pakistan Agricultural Development Finance Corporation granted a loan of Rs.800,000 to build the plant—Karachi.

Raw Film

INDIA—The offer of the French firm, Bauchet, to collaborate in the setting-up of a raw film manufacturing unit in the public sector has been accepted by the Government of India. The factory, costing about Can. $12 million, will be located at Ooty and will produce ciné and photographic film for which there is a large and growing market in this country. Production is expected to start by 1962—Bombay.

Tours of Territory

J. H. BAILEY, Commercial Secretary in Bogotá, Colombia, will visit Quito and Guayaquil in Ecuador from May 30-June 4.

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from April 24-30.

L. D. R. DYKE, Assistant Commercial Secretary in Athens, Greece, will visit Israel from April 24-30.

A. W. EVANS, Trade Commissioner in Liverpool, England, will visit Sheffield, May 2-6.

J. R. MIDWINTER, Acting Commercial Secretary in New Delhi, India, will visit Kathmandu, Nepal, from April 28-May 4.

W. R. VAN, Commercial Secretary in Dublin, Ireland, will visit Shannon free airport and industrial zone, and Limerick, May 10 and 11.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bailey at Bogotá, Mr. Bullis at Kingston, Mr. Dyke at Athens, Mr. Evans at Liverpool, Mr. Midwinter at New Delhi, and Mr. Van at Dublin.

Chile Plans Power Expansion

One hydro-electric power project and one thermal station, to be built with World Bank aid, may present Canadian firms with opportunities to supply essential equipment.

H. M. MADDICK,
Commercial Secretary, Santiago.

CHILE has currently a total installed power capacity of just over 1 million kw., of which just over 500,000 is hydro and about 490,000 is thermal. Nearly 50 per cent of this capacity is operated by the large mining companies in the north of Chile, all of which use thermal units.

ENDESA, an autonomous government organization responsible for the general planning of the power supply in Chile, is by far the largest producer. It sells its power through inter-connecting transmission lines to the distributing companies and also supplies power through its own suppliers to some of the smaller towns and rural areas.

To eliminate winter shortages in the central area of Chile and to provide additional power for industrial expansion, ENDESA has drawn up plans for a large increase in its installed capacity during the next ten years. Included in these plans are a hydro-electric project on the Rapel River about 75 miles south of Santiago and a thermal plant at Huasco some 400 miles north of Santiago. The Rapel plant will serve the central area and the Huasco plant will provide power for the fast-growing iron ore development in and around that port.

Rapel Hydro Station

The Rapel project envisages a 280,000 kw. plant to be located on the Rapel River which rises in the Andes and drains an area of some 500,000 square miles. The average flow of the river is estimated to be about 6,500 cubic feet per minute. A dam is to be constructed across the river that will create a reservoir of some 25 billion cubic feet of water. It will be 300 feet high and will have two spillways of a maximum discharge of 3.5 million cubic feet of water a minute.

The powerhouse, situated at the foot of the dam, will be equipped with four turbines, each driving a 70,000 kw. generator and operating with a minimum head of 240 feet. Space will be provided in the powerhouse for a fifth generating unit to be installed later.

The plant was designed by ENDESA'S engineers and the dam by French consultants who are specialists in arched dams. All construction will be carried out by the construction department of ENDESA and all the equipment purchased abroad will be bought on the basis of competitive bidding. Construction is expected to take about five years and the plant should be in complete operation some time during 1965.

Huasco Thermal Plant

The Huasco plant will be built at the port of Huasco, a major port for the export of iron ore. The equipment will consist of two boilers designed to burn coal or oil and operate 7,500-kilowatt turbo generators. The building of it is expected to take about 2½ years and again ENDESA will undertake all the construction. Equipment will be purchased through competitive bids.

It is estimated that the two projects will cost $32.5 million in foreign exchange for the purchase of equipment. In December, the International Bank for Reconstruction and Development announced its approval of a loan of this amount to assist in these projects. The further cost of approximately $40 million in local currency will be made available from ENDESA'S own resources, plus a loan from the Chilean Development Corporation.

Tenders for equipment for the Huasco plant are expected to be called for during March and those for the Rapel plant a few months later. It is understood that bids for an integrated plant or partial supply will be accepted. It is believed that engineering studies on the site have been completed and that plans and specifications for the Huasco plant will be ready in the near future.

Advice to Canadian Firms

Canadian firms interested in bidding on equipment for these projects should write directly to ENDESA, requesting copies of the tender and specifications when available and supplying pamphlets and catalogues of equipment being manufactured, as well as references and information on equipment supplied on other projects throughout the world if applicable. At the same time, they should inform ENDESA of the name and address of their Chilean representative, if any. (Lack of a Chilean representative does not preclude a firm from bidding on these projects.) All correspondence should be addressed to:

Gerente General,
Empresa Nacional de Electricidad, S.A.,
"ENDESA",
Ramón Nieto 920,
Santiago, Chile. ●

Paints and Varnishes

The Market in New Zealand

Canadians have a bare foothold in this market, but chances of improving it are slim, with more-than-adequate local production and tight import controls.

J. H. STONE, *Commercial Secretary, Wellington.*

NEW ZEALANDERS began making paint 90 years ago from domestic deposits of iron oxides; varnish production started a decade later in the eighties, using the native Kauri gum that had been exported for many years to varnish-makers in other countries. Most of the paint used was imported until after the First World War, when the 1920's saw the establishment of a number of branches of United Kingdom and Australian paint companies and accelerated growth in the domestic paint industry. By 1959, there were about 30 companies in New Zealand making a wide variety of paints, varnishes, lacquers and enamels valued at almost $16 million.

Local Output Expands

Almost three-quarters of the paints and varnishes produced in this country are made by New Zealand firms associated with or subsidiaries of big overseas companies. This gives the local manufacturer access to research facilities that he would have difficulty in providing in his own plant and enables him to adapt his product to the wide variety of conditions within the country. The paint industry, here as abroad, is making rapid technical advances; during the year ended March 31, 1959, for example, the output of resin emulsion water paints expanded by almost 40 per cent. And in the past two years, the total volume of paint and varnish production has increased by 4 to 5 per cent.

The domestic paint and varnish industry has long been able to supply the entire market, with a few minor exceptions. Indeed, there were no commercial imports of these products during the war and during various postwar periods the import of either paints or varnishes was prohibited. Currently, the market is highly competitive, and there is some over-capacity in the industry.

A New Zealand paint manufacturer tests finishes on an outdoor exposure rack that faces north at a 45-degree angle. These panels are examined regularly for durability.

NEW ZEALAND IMPORTS OF PAINTS AND VARNISHES

	1958	1959
		(11 mos.)
	(N.Z.£)*	
Paints, mixed ready, excluding enamels		
United Kingdom	23,558	4,864
Hong Kong	10	
Australia	741	403
West Germany	111	
Netherlands	316	55
Sweden	17	
United States	952	95
Total	25,705	5,417
Varnishes		
United Kingdom	17,408	12,814
Canada	456	403
Australia	4,089	2,972
France	42	34
West Germany	212	
Netherlands	60	
Sweden	199	1,012
Switzerland	28	22
United States	719	315
Total	23,213	17,572
Other prepared paints, enamels, lacquer, etc.		
United Kingdom	20,247	19,220
Canada		310
Australia	1,986	2,233
Belgium	298	
France	15	
West Germany	177	86
Netherlands		44
Norway	158	
Switzerland	426	147
United States	32	70
Total	23,339	22,110

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*One N.Z.£=Can.$2.66.

For 1960, the official import program makes provision for very limited imports. Paints and enamels may come in on a Token Licence (10 per cent of 1956 imports), and varnishes and lacquers will be licensed to the same extent as last year (applications to bring in varieties not made in New Zealand were entertained by the authorities during the latter part of the year only). No provision is made for metal-based paints; these used to come from Canada in some volume.

Paint and enamel imports during 1956 were valued at about £40,000, of which Canada supplied less than £200. The Token Scheme therefore is of no great interest to Canadian exporters. Varnish imports in 1959 from all sources probably reached under £20,000, of which Canadian firms contributed only £400 or so. In theory, nothing prevents an importer from using licence entitlements based on imports from other countries in 1959 to purchase Canadian varnishes during 1960. But it is highly unlikely that any firm will switch sources of supply under the current import control. The high proportion of total imports accounted for by imports made by varnish manufacturers from overseas affiliates further reduces the opportunities for Canadian firms without associates in New Zealand. An additional barrier is the customs duty—25 per cent ad valorem on products of Canadian origin, compared with 15 per cent on United Kingdom paints and varnishes.

New Zealand does not offer a significant market for Canadian paint-and-varnish manufacturers and the situation is unlikely to change in the foreseeable future. Given the present size and variety of the domestic industry and the unfavourable rate of duty, it is doubtful whether even a relaxation of import controls would make much difference. ●

The Market in Australia

Industry well developed but Canada, with preferential tariff in its favour, should have opportunity to supply certain raw materials, though range of local production is increasing.

H. STEWART HAY, *Assistant Commercial Secretary, Sydney.*

AUSTRALIA'S paint industry is one of the country's oldest and best established secondary industries. National self-sufficiency in most standard lines was reached about thirty years ago and in succeeding years production has achieved advanced technical standards.

About 125 firms with over 5,000 persons working in 180 factories make up the industry. Plants are located in all states, though they are concentrated mainly in the Sydney and Melbourne areas. The industry is characterized by a small number of large firms, mainly controlled from Britain, and a large number of small enterprises. Production is valued at approximately $80 million a year, comprising 14½ million gallons of paints, 2¾ million gallons of thinners, and a variety of other paint materials. Consumption is thus roughly $8.00 per capita—high by world standards.

Pronounced seasonal fluctuations in demand have made it necessary to instal sufficient capacity to cope with peak buying. Present capacity is almost double average production and is ample to meet all foreseeable demand. Consequently the market is highly competitive. Over-all consumption is increasing slowly, with constant changes in trends. Currently significant is the diminishing importance of kalsomine and the older types of water paints.

Raw Materials Imported

Imports of finished paints, lacquers and varnishes are negligible. However, significant quantities of pigments and other raw materials are brought in from overseas. These include roughly 10 per cent of the inorganic colours (by weight) and 60 per cent of the organic colours. Although domestic self-sufficiency in these materials is increasing, there should be a continuing need for specific items not obtainable locally, plus newly developed materials not yet produced here.

Among pigments and extenders imported are the following:

	Cwt.	£
Titanium oxide—anatase	57,332	*494,243
—rutile	60,205	623,261
Lithopone	32,356	102,333
Whiting	104,303	43,725
Aluminum powder	11,690	175,682
Ceramic colours	2,078	76,370
Chromium oxide	2,318	38,259
Chrome pigments, n.e.i.	4,185	63,155
Red ochre and red oxide	46,665	121,515
Yellow iron oxides	11,657	41,643
Colour pigments, n.e.i.	15,063	188,253
	Pounds	
Insoluble organic pigment dyestuffs, excluding lakes, lake pigments and toners	489,494	361,522
Lakes, lake pigments and toners	515,844	217,859
Dyes, n.e.i.	3,851,067	2,247,439

Other imported materials include:

	Cwt.	£
Shellac	30,462	154,836
Urea	182,313	461,275
Gum rosin	107,616	417,377
Wood rosin	71,921	218,102
	Pounds	
Vinyl acetate monomer	733,448	56,137
Maleic anhydride	501,550	60,863
Pentaerythritol	1,784,071	201,041
Methyl ethyl ketone	972,012	60,588
Methyl iso-butyl ketone	1,060,127	95,152
Diacetone alcohol	1,562,916	115,474
Melamine		87,689
	Gallons	
Toluol	1,353,177	194,117
Turpentine substitutes	15,807,552	1,134,912
Petroleum solvents	4,906,694	336,946

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*(£=$2.16 approx. 1958-59 preliminary figures.)

Except for some petroleum solvents, most ordinary solvents are available in Australia. Petroleum solvents and mineral turpentine should both soon be supplied from petrochemical and oil-refining plants in the process of completion. Some plasticizers are imported, mainly to meet shortfalls in local supply. Sizable quantities of carbon black, styrene monomer and phthalic acid are also purchased abroad but facilities for making these materials in Australia are under construction or being expanded, so that prospects for continued future supplies from Canada appear uncertain. Except for dryers based on hexoic acid, which are entirely imported, a good range of dryers is produced in Australia.

Although linseed, whale, castor and rapeseed oil are made in Australia, a significant volume must still be imported:

(1958/59 preliminary figures)

	gal.	£
Linseed oil	2,403,519	1,482,363
Safflower seed oil	665,707	436,011
Castor oil	264,797	171,480
Fish oils	87,286	54,553
Tall oils	13,179 (cwt.)	42,491

Tall oil is little used. No wood turpentine is produced locally but imports of this too are small.

Canada Has Tariff Advantage

A large proportion of Australia's principal imports of raw materials for the paint industry come from the United Kingdom. The British Preferential Tariff gives these imports an important advantage over similar materials from other countries. On most items Canada also receives the benefit of the British Preferential Tariff. With the exception of vinyl acetate monomer, pentaerythritol and carbon black, imports of paint materials from Canada are not significant; exchange difficulties in the past few years have channelled purchases to soft currency sources. Recently the position improved sufficiently to permit almost all Australian imports to be licensed regardless of source and to be limited only by local availability or quota.

In the next few years, Australia should attain greater self-sufficiency in pigments, oils, solvents and chemicals, now wholly or partially imported. Demand will continue, though, for materials that cannot be supplied locally and for new materials not made in Australia. At least some of this business could go to Canadian suppliers if their landed costs are competitive. Canada's Commercial Counsellors in Sydney and Melbourne will be pleased to advise on the prospects for any product. ●

Iran's New Oil Plan

THE National Iranian Oil Compan (NIOC), a government-owned bod is planning a multi-million dollar five year plan of its own. The chairma of NIOC, H. E. Abdollah Entezam says that the plan envisages everything from the tapping of the oi reserves at Sarajeh—near Qum an some 100 miles south of Tehran—t the expansion of the present oil distribution networks and the establishment of a petrochemical industr Although details of the plan have ye to be worked out, the scope of th work that will be undertaken ha already stimulated unusual interes in Tehran among foreign contractin firms, and among suppliers of much needed manufactured and semi manufactured products.

The more important projects unde the proposed NIOC expansion program are the following:

- Making an intensive survey t determine the areas where oil may b discovered outside the concession already being worked.
- Using the millions of cubic meter of natural gas that are now bein wasted; it is anticipated that som 4,000 tons of plastics and 80,000 ton of chemical fertilizers could b manufactured every year.
- Completing of the Trans-Irania pipeline for the transportation of oi products across this huge countr (the size of Ontario and the Atlanti Provinces).

The National Iranian Oil Compan contemplates forming a company fo carrying out the projects undertake under the plan. Iranian capital wil be encouraged, but foreign mone will be needed if the desired result are to be achieved. The capital required for the production and distribution of gas alone will total som 2,000 million rials (75 rials=U.S $1.00). Estimated revenue from th sale of gas within the country wil total about 8,000 million rials ove the first ten years. Canadian companies wishing to participate in th proposed NIOC five-year plan mus be prepared to accept long paymen terms, because the National Irania Oil Company budget cannot begin t shoulder the financial burden.

—A. B. BRODIE,
Commercial Counsellor, Tehran

Pakistan Starts a Second Plan

Power development, transportation, industry and agriculture all are included in Pakistan's realistic plan for the next five years. Alert Canadian firms may discover opportunities to supply services or equipment for some of the projects.

JOHN B. McLAREN, *Assistant Commercial Secretary, Karachi.*

IN July, Pakistan will start putting its Second Five Year Plan (1960-65) into action. Expected to cost roughly $3,800 million ($2,200 million to come from domestic resources and $1,600 million from foreign aid, loans and investment) it has been studied in outline and approved by the Economic Council of the Pakistan Government.

The program is a bold one, intended to consolidate the achievements of the First Plan and accelerate development. Food production is to be increased by more than 20 per cent, in the hope of making the country self-sufficient in foodgrains by 1965. Industrial output will also rise—by a proposed 50 per cent for large-scale industry and 15 per cent for small. In the long term, Pakistan hopes to boost national income by 20 per cent and improve the balance-of-payments position by increasing foreign exchange earnings.

A large proportion of the Plan projects are included in the public sector and will be financed by foreign aid. Canadian firms—particularly consulting engineering and construction companies and suppliers of equipment for heavy industry—should therefore find opportunities for selling products or services. The following paragraphs outline some of the projects.

Water and Power

Investment in the public sector on water and power development is set at $628 million during the five years. Projects proposed include:

1. *Coastal embankments*—about 300 miles of coastal embankments in East Pakistan will be remodelled. Many minor irrigation and flood-control schemes are planned.

2. *Canal projects*—the Kotri, Indus, Taunsa, Thal and Warsak canal projects to be completed.

3. *Tubewells*—this program to be extended.

4. *Electric power*—total electric-power capacity will rise 55 per cent during the Second Plan to some 1.727 million kw. in 1965 (1.1 million in public utilities and 181,000 in industrial establishments).

5. *Transmission lines*—emphasis is being shifted from investment in electricity generation in the First Plan to transmission and distribution in the Second. Transmission-line mileage will increase from 5,000 to about 15,000 miles. This figure includes the West Pakistan high-tension grid designed to interconnect the Canadian Warsak Dam project with other stations.

Transport and Communications

The Plan gives priority to improving the efficiency and capacity of the present facilities. Included are:

1. *Railway program*—rehabilitation of track, remodelling of bridges, replacement of obsolete and worn-out rolling stock, and improvement of terminals.

2. *Port improvement*—thirty million dollars is to be spent on completing the reconstruction and modernization of the ports of Karachi, Chittagong and Chalna.

3. *Waterways*—the length of effective inland waterways in East Pakistan is to be increased from 2,500 to 4,000 miles.

4. *Road transport*—the hope is to add some 5,000 buses and 6,000 trucks to the road-transport fleet.

5. *Civil aviation*—immediate needs include completion of a jet runway at Karachi; recarpeting of runways at other airports; improvements at Dacca, Lahore, Rawalpindi and Chittagong; building of a new airport in the northwest area of East Pakistan, and construction of eight new feeder airports.

6. *Broadcasting*—the Rawalpindi, Dacca and Lahore radio stations are to be equipped with 100 kw. short- and medium-wave transmitters; eight other centers are to be provided with 10 kw. transmitters.

7. *Telephones, telegraph*—number of telephones is to go up 60 per cent and the number of telegraph offices by 30 per cent.

Industrial Expansion

The objectives of the industrialization program are to increase the national income and to ease the balance-of-payments problem by producing more goods for export and to replace imports. To attain, these goals, Pakistan will rely essentially on private investment, both national and foreign. Among the proposals are:

1. *Cotton industry*—installation of an additional 550,000 cotton spindles, to boost cotton-yarn production from 380 million to 480 million pounds.

2. *Jute industry*—capacity of this industry is to rise to 12,000 looms in 1965 (8,250 now) and output from 220,000 to 330,000 tons.

3. *Fertilizers*—production to expand from 55,000 tons in 1960 to 650,000 in 1965.

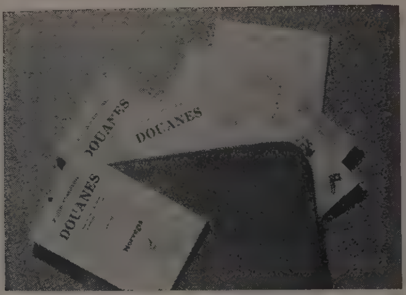
4. *Steel*—the prospect of establishing an integrated steel plant is being investigated and production of steel from imported scrap or ore has been suggested. So has a gas liquefication plant.

The proposed allocation for agriculture (including irrigation and drainage) is $1,106 million, nearly 30 per cent of the whole Plan. There is provision for an increase in foodgrain production from the estimated 13.2 million tons for 1959-60 to about 16 million tons by 1964-65. The production target for cotton is 2.3 million bales compared with 1.7 million in 1959-60 and for jute, 6.8 million bales (6 million in 1959-60). New areas will come under the plough and existing ones will be improved by more efficient irrigation and drainage. Manures, fertilizers and superior seeds will be used more widely. Livestock production will benefit from disease control and a better feeding and breeding program. Afforestation, regeneration and extraction of forest resources are to be intensified, to make possible a 36 per cent increase in timber production. And, of prime importance in a country where approximately 80 per cent of the population live in villages, the village aid program will be accelerated in both East and West Pakistan.

Seizing Opportunities

The Second Five Year Plan has been welcomed in Pakistan as generally realistic and within the estimated resources of the country. It will multiply the opportunities for investors, domestic and foreign, and stimulate trade. More capital goods will come in and larger exports of Pakistani manufactured or sen
manufactured goods are anticipate
On a short-term basis, prospects f
larger sales of consumer goods fro
Canada are not too bright, but
the long run the higher standard
living will increase the demand f
many products.

As emphasized earlier, the chi
opportunities for Canadians as t
Plan progresses will arise in t
engineering, heavy industry a
building fields. Most of this busine
will continue to be done on t
basis of world tenders. Canadi
companies that wish to participa
must appoint an agent in Pakist
for both government or private pu
chases. Direct bids are seldo
considered. ●



Trade and Tariff Regulation

Argentina

PACKING LIST—Customs Resolution No. 109 dated January 29, 1960, published in the *Boletin Oficial* of February 9, 1960, and effective May 9, 1960, requires that all shipments to Argentina must be provided with a packing list legalized by the nearest Argentine Consul. This must accompany the usual commercial and consular invoices.

This has been clarified by Customs Resolution No. 172 dated March 7, 1960, published in the *Boletin Oficial* of March 25, 1960. This Resolution provides that such packing lists need not be legalized separately by an Argentine Consul since henceforth the packing list will be incorporated as an integral part of the consular invoice, which itself is customarily legalized. The integration into the consular invoice of the packing list is identical with the integration into the consular invoice of the commercial invoice in accordance with article 345 of the Argentine consular regulations.

Moreover, the language of the packing list may now be Spanish, English, French, German or Italian. However, when the language is not Spanish, the Argentine importer is obliged to present to the Customs a translation of the packing list certified by an officia
authorized public translator.

*Further details may be obtained upon request fro
the Latin American Division of the International Tra
Relations Branch.*

FREE IMPORT OF SAMPLES AND ADVERTI
ING MATERIAL—Authorized Decree No. 232
issued on March 7, 1960, and published in the *Bole
Oficial* of March 9, 1960, refers to Decree N
11,919/58 which authorized the free import of sampl
and advertising or promotion material without co
mercial value, free of surcharges. The new decree s
out the regulations covering this free import and defin
its scope.

Authorized to be imported without payment
surcharge are magazines and reviews, printed matt
pamphlets and leaflets, posters, calendars and diari
almanacs, clichés, cuts, matrices and engraved plat
for reproducing advertising material, photograp
phonograph records, and articles in general for adve
tising the merchandise of foreign firms. These fr

imports may be made only under the following conditions:

(a) that they be received free of charge
(b) that their value does not exceed U.S.$100 or its equivalent in other currencies
(c) that they carry visible and indelibly printed or engraved inscriptions and/or advertising marks that prevent their free sale.

The reception of any such material will be permitted only once a year per consignee, with two exceptions. The first is unmistakably free samples of medical specialties, up to a value of U.S.$250, the entry of which has been authorized by the Argentine Minister of Health and which are sold to the public by prescription only. The sum of U.S.$250 is the annual value that applies to each of the products constituting the commercial line of each laboratory and/or representative. The samples must not be replicas of the containers designed for sale to the public, nor be packed in such a way as to cause confusion in this respect. All of the written advertising matter relative to these samples as well as the details and/or legends that appear on the wrapping or packing material must be in Spanish.

The second exception is phonograph records for use by local industrial producers. Each record must carry the above-described engraved inscription or legend. Records up to a value of U.S.$75 (or its equivalent) a month per consignee may be imported free of surcharge, but only one copy of each record may be brought in and it may not be repeated.

Consignees of medical-specialty free samples and of phonograph records must keep a book (Register of Samples), in which the Customs authorities will initial the record of each import and which must be placed at their disposal on request. The consignee is also required to keep available for inspection at any time the documents to prove that the samples have not been sold—Buenos Aires.

Burma

IMPORT LICENCES GRANTED TO IMPORTERS—The Burma Ministry of Trade Development issued a communique regarding import trade control effective January 13, 1960. According to the communique, import licences will be granted to national importers who have made efforts to earn foreign exchange by promoting exports. Import licences will be provided to the value of 25 per cent of the amount of the foreign exchange earnings derived from the export of goods to foreign countries during the calendar year 1959. Only Burma nationals will be accorded this privilege and traders will be granted import licences for goods issued in bulk. Applications for import licences submitted to the Import Licensing Board should indicate the amount of foreign exchange earnings certified by the Controller of Foreign Exchange and the kind of goods the applicant desires to import.

IMPORT TRADE RESTRICTED TO NATIONALS—In February of this year, the Union of Burma Government, through the Ministry of Trade Development, announced regulations on the granting of import licences effective June 1, 1960. Under the regulations, all imports, either under Open General Licence or under other licensing arrangements, will be allowed only if the goods are imported through agencies held by Burma nationals. A foreign firm will not be considered for the purpose of registration as a national agency. The Trade Development Ministry is making a review of the registered importers who were required to submit applications for renewal before March 1, 1960. This policy is in accord with the intention of the Burmese Government to assist indigenous enterprises.

Under the regulations, a foreign firm is any firm operating in Burma which has one or more foreign directors or which has any foreign capital. Foreign firms may, however, continue to act as a manufacturers' representative but not as a commission agent.

Exporters may wish to take the foregoing into account when selling to the Burmese market.

India

IMPORT CONTROLS—The Indian Government announced on April 1, 1960, its import trade-control policy for the licensing period April-October, 1960. Total foreign exchange availability remains much the same as during the preceding period, but the new policy provides somewhat larger allocations for essential raw materials and spare parts. Import quota increases of significance to Canada include:

Watches, from 2½ per cent (of base year 1945-46 to 1951-52) to 10 per cent. We are advised this will mean imports will increase from $50,000 to $200,000.
Water meters, nil to 20 per cent.
Copper, unwrought, from 75 per cent to 100 per cent.
Brass scrap, from 33⅓ per cent to 50 per cent.

On the other hand, the Indian Government states that increases in domestic production have reduced import requirements for certain raw materials, chemicals, industrial equipment, and motor vehicle parts. Quota reductions of particular significance to Canada include:

Files and rasps, from 15 to 7½ per cent.
Calcium carbide, from 7½ to 5 per cent.

Twenty-four new items have been added to the list of items licensable to actual users.

The basic period for establishing import quotas on 34 items has been extended up to and including 1955-56. This will mean somewhat larger imports in absolute terms. Items of significance to Canada include:

Copper
Flexible pipes and tubes
Non-ferrous metals, semi-manufactures and alloys
Several classes of paper
Lenses, including bifocal blanks
Most chemicals

The repeat licensing procedure introduced during the preceding period is being continued. To add further flexibility, licensing on an annual basis is authorized for actual users and some established importers. This provision will simplify trading arrangements for some Canadian suppliers, especially those requiring long-term contracts.

IMPORT CONTROLS—The Government of India announced on April 2, 1960, that import quotas will be granted to established importers for (a) industrial scrap; (b) tool and alloy steel, excluding stainless steel sheets, strips and circles; (c) wire of all types, and (d) box strappings in amounts equal to 7½ per cent of base-period imports. Previously only actual users of iron and steel and the Controller were permitted to import these items. The increased flexibility afforded by this change will permit established importers to hold stocks for sale to users as required.

Israel

CUSTOMS IMPORT DUTIES AND PURCHASE TAX AMENDED—Effective from February 23, the Government of Israel amended the import customs duties and purchase tax on a number of commodities. Some 39 tariff items were affected by the amendment, and eight were revoked. Under these items some 59 rates of duty were altered, of which 45 were increased, one decreased, and 12 remained the same. There are three new items.

Some 39 items were affected by the change in purchase tax; the tax on 24 was increased, on two it was cancelled. Two rates remain the same, one was decreased and four are new items.

Goods affected by the amendment to customs import duties include the following:

Logs; boards, planks, wooden sleepers, beams, of pine, beech, oak and other woods; natural gums and resins, artificial or synthetic resins and scrap; hides and skins; papermaking material, cellulose, wood pulp; cement; electric apparatus for cooking and baking, electric lamps and accessories; radios and parts thereof; electrical apparatus and parts thereof; paraffin wax; newsprint, paper and cardboard; plastic materials, laminated cellulose sheets; wrought bars, rods, angles, shapes, strips of copper; lamps and light fittings; miners and quarrymen's lamps.

Information on a particular commodity affected by this amendment may be obtained from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Nigeria

IMPORT CONTROLS RELAXED—The Government of the Federation of Nigeria has liberalized controls on imports from the dollar area of all goods except sugar, coal, petroleum products, gold and gold products, and used clothing, effective February 1, 1960. All goods from Canada except the few specified above may now enter Nigeria without import licences.

Rhodesia and Nyasaland

IMPORT RESTRICTIONS LIBERALIZED—On December 8, 1959, the Department of Trade and Commerce advised exporters of the action taken by the Government of the Federation of Rhodesia and Nyasaland on November 21, 1959, towards the further relaxation of discrimination against imports from Canada and the other dollar countries.

Effective January 1, 1960, the remaining special dollar-area controls were removed on all items except clothing, cotton piecegoods, commercial fishing nets, wireless and television sets, and gramophones. As a result, Canada is now on the same footing as sterling and other non-dollar countries in exporting to the Federation all goods other than those listed above.

It is understood that quotas for over-the-counter sales may be given for imports from the dollar area for the first half of 1960, as follows:

Clothing	£100,000
Cotton piecegoods	200,000
Television sets	10,000
Radios, electric record players, gramophones, etc.	40,000

Licences will be freely issued to manufacturers, however, for imports of cotton piecegoods from the dollar area.

The following goods are subject to control on import into the Federation from all sources:

1. Any radioactive element or any radioactive isotope of any element, excluding radium and its disintegration products in sealed containers.
2. Articles with respect to which notice has been given to the Controller of Customs and Excise in pursuance of the provisions of any Territorial law relating to copyright, as read with the provisions of sub-section (1) of section 14 of the Copyright Act, 1911, of the United Kingdom.
3. Cement.
4. Clothing of the following types:
    (a) new clothing designed for military, naval, or air force use,
    (b) used clothing other than the personal effects of an individual.
5. Gold, including:
    (a) any unmanufactured gold in any form whatsoever,
    (b) any article or substance containing such unmanufactured gold,
    (c) any article consisting of or containing gold which, although manufactured, is as such not a gold coin, an article of commerce, a work of art or of archaeological interest.
    (d) gold derived from the smelting or treatment of any manufactured article containing gold.
6. Grain bags, bagging, sacking and hessian, in the piece, of jute or substitute fibres.
7. Sugar.

8. Wheat flour.

9. White phosphorous matches.

10. Any knife having a blade which:

(a) opens automatically by hand pressure applied to a button, spring or other device in or attached to the handle of the knife, sometimes known as a "flick knife" or "flick gun", or

(b) is released from the handle or sheath thereof by the force of gravity or the application of centrifugal force and which, when released, is locked in place by means of a button, spring, lever or other device, sometimes known as a "gravity knife".

11. Secondhand accounting machines, including cash registers, calculating machines, tabulators, sorting machines, computors, receipt and coin-counting machines, and ledger and posting machines.

All other goods not referred to above may be freely imported into the Federation from any source under Open General Licence without individual import permits.

South Africa

IMPORT CONTROLS ON LUMBER—The Director of Imports and Exports in the South African Government has agreed to issue additional licences for the import of lumber this year. This will bring the total quota for 1960 authorized to date to 100 per cent of the quota authorized for 1959. Previously, the 1960 import quota for lumber was 80 per cent of last year's.

United States

TARIFF COMMISSION RECOMMENDS NO CHANGE FOR LEAD AND ZINC—In *Foreign Trade* of September 26, 1959, it was reported that the United States Senate had requested the Tariff Commission to make a general investigation of the domestic lead and zinc industry under authority of section 332 of the U.S. Tariff Act.

The Senate resolution directed the Tariff Commission to report specific findings with regard to the current condition of the lead and zinc mining industries as to what additional import restrictions, if any, needed to be imposed in order that lead and zinc mining operations in the United States might be conducted on a sound and stable basis.

In the Commission's report to Congress under date of March 31, 1960, four of the six commissioners refrained from making the findings called for in the Senate resolution, on the grounds that to do so would be an extra-legal act. The other two commissioners were not of this view and presented a minority report recommending the removal of the existing import quotas and an increase in the rates of duty on lead and zinc, and articles thereof.

Venezuela

IMPORTS OF READY-MADE MEN'S SUITS—According to a resolution issued by the Ministries of Finance and Development published in the *Official Gazette* of March 4, 1960, men's ready-made suits, classified under various tariff numbers, have been submitted to compulsory import licensing as of March 4, 1960—Caracas.

IMPORT REGULATIONS—New import regulations were announced in numbers 26164 and 26169 of the *Official Gazette.*

The duty on three items was reduced, effective February 1, 1960. Following are the numbers and descriptions of the new items and the import duty in bolivars per gross kilogram, with the previous rate in parentheses:

Tariff No.

021-01-01-1—Cream, fresh, in containers with a capacity not to exceed one litre, and with a butterfat content no greater than 35 per cent, 1.20 bolivars (7).

022-01-01-1—Cream, evaporated or condensed, in containers with a capacity not to exceed one litre and with a butterfat content no greater than 35 per cent, 1.20 bolivars (7).

022-02-01-1—Cream, dehydrated or dried, in containers with a capacity not to exceed one litre, and with a butterfat content no greater than 35 per cent, 1.20 bolivars (7).

Two new sub-items were added to the tariff classification for writing paper, effective February 1, 1960:

Tariff No.

641-02-03 —Writing paper in rolls or sheets, not cut to size (duplicating paper also), not lined.

641-02-03-1—Weighing up to 50 grams per square meter, 0.40 bolivars (1.20).

641-02-03-2—Weighing over 50 grams per square meter, 0.28 bolivars (1.20).

—Caracas.

Trade Commissioner on Tour

The following officer of the Trade Commissioner Service is undertaking a tour in Canada. His itinerary is:

B. C. BUTLER, Minister (Commercial) in London, England:
Vancouver—May 2-6

Businessmen who wish to see Mr. Butler should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.039974.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent April 8	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01159	86.28	(1)
Austria	Schilling		.03702	27.01	
Australia	Pound		2.1632	.4623	
Bahamas	Pound		2.7040	.3698	
Belgium, Belgian Congo and Luxembourg	Franc		.01930	51.81	
Bermuda	Pound		2.7040	.3698	
Bolivia	Boliviano	Free	.00008416	11,882.13	
British Guiana	Dollar		.5633	1.78	
British Honduras	Dollar		.6760	1.48	
Brazil	Cruzeiro	General Category*	.003807	262.67	*Mar. 22 (2)
		Special Category	.001689	592.18	
		Official selling	.05081	19.68	(3)
Burma	Kyat		.2019	4.95	
Ceylon	Rupee		.2028	4.93	
Chile	Escudo	Free	.9140	1.09	(4)
Colombia	Peso	Certificate	.1432	6.98	
Costa Rica	Colon	Official	.1712	5.[illegible]4	
		Controlled free	.1447	6.91	
Cuba	Peso		.9616	1.03993	tax 2%
Czechoslovakia	Koruna		.1335	7.49	
Denmark	Krone		.1397	7.16	
Dominican Republic	Peso		.9616	1.03993	
Ecuador	Sucre	Official	.06411	15.60	
		Free	.05623	17.78	
Egyptian Region, United Arab Rep.	Pound	Official	2.7612	.3622	
		Export account selling	2.4375	.4103	
El Salvador	Colon		.3846	2.63	
Fiji	Pound		2.4360	.4105	
Finland	Markka		.003005	332.78	
France, Monaco, etc.	New Franc		.1960	5.10	(5)
French colonies	Franc		.003920	255.10	(6)
French Pacific	Franc		.01078	92.76	(7)
Germany	D Mark		.2306	4.34	
Ghana	Pound		2.7040	.3698	
Greece	Drachma		.03205	31.20	
Guatemala	Quetzal		.9616	1.03993	
Haiti	Gourde		.1923	5.20	
Honduras	Lempira		.4808	2.08	
Hong Kong	Dollar	Free*	.1672	5.98	*Mar. 25
		Official	.1690	5.92	
Iceland	Krona	Official	.02530	39.52	(8)
India	Rupee		.2028	4.93	
Indonesia	Rupiah	Official rate	.02137	46.[illegible]	(8)
Iran	Rial		.01269	78.78	
Iraq	Dinar		2.6924	.3714	

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*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent April 8	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7040	.3698	
Israel	Pound		.5342	1.87	
Italy	Lira		.001549	645.58	
Japan	Yen		.002671	374.39	
Lebanon	Pound	Free	.3020	3.31	
Mexico	Peso		.07693	13.00	
Netherlands	Florin		.2550	3.92	
Netherlands Antilles	Florin		.5138	1.95	
New Zealand	Pound		2.7040	.3698	
Nicaragua	Cordoba	Effective buying	.1457	6.86	
		Official selling	.1364	7.33	
Norway	Krone		.1351	7.40	
Pakistan	Rupee		.2028	4.93	
Panama	Balboa		.9616	1.03993	
Paraguay	Guarani	Official	.007882	126.87	
Peru	Sol	Certificate	.03471	28.81	
Philippines	Peso		.4808	2.08	
Portugal & Colonies	Escudo		.03356	29.80	(9)
Singapore and Malaya	Straits Dollar		.3155	3.17	
Spain and Dependencies	Peseta		.01603	62.40	
Sweden	Krona		.1861	5.37	
Switzerland	Franc		.2218	4.51	
Syrian Region, United Arab Rep.	Pound	Free	.2688	3.72	
Thailand	Baht	Free	.04543	22.01	(8)
Turkey	Lira		.1068	9.36	(8)
Union of South Africa	Pound		2.7040	.3698	
United Kingdom	Pound		2.7040	.3698	
United States	Dollar		.9615625	1.039974	
Uruguay	Peso	Free	.08394	11.91	(12)
Venezuela	Bolivar		.2870	3.48	
West Indies Fed.	Dollar		.5633	1.78	(10)
	Pound		2.7040	.3698	(11)
Yugoslavia	Dinar	Official	.003205	312.01	(8)
		Settlement rate	.001521	657.26	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.
12. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.

Trade Commissioners at Work

What are the duties of a Canadian Trade Commissioner stationed abroad? How does he help to represent Canada and assist the Canadian businessman? From time to time we plan, through pictures, to show Trade Commissioners carrying out the varied assignments that foreign service provides.

1

2

3

1 **Making presentations on behalf of Canadian organizations,** the Trade Commissioner earns goodwill for his country. In Manila, Philippines, recently, the Canadian Consul General and Trade Commissioner presided at a pleasant ceremony during which he presented the insignia of the Canadian Silver Fox to Hon. Jorge Vargas, Chief Scout of the Philippines. The Consul General is standing in this picture. Mr. Vargas is second from the right, and on the far left is the Canadian Vice Consul and Trade Commissioner.

2 **Specializing in certain fields,** some Canadian Trade Commissioners are called upon to take part in international conferences related to their specialty. Here, leaving the Governor's Palace in Tangier, is the Agricultural Counsellor in Washington (centre) who was appointed chairman of the Fourth Session of the International Sugar Council. On the left is His Excellency, M. Mohamed Khatib, Governor of Tangier, and on the right the chief of the Governor's Cabinet.

3 **Contributing to the success of Canadian participation in trade fairs,** the Trade Commissioner sends out publicity material, gets in touch with buyers in his area, and spends many hours at the Canadian exhibit. This photograph was taken at the National Metal Exposition and Congress in Chicago and shows the Canadian Consul and Trade Commissioner, left, talking with one of the Canadian exhibitors.

4 **Helping the Canadian exporter to keep his customers satisfied** is a duty the Trade Commissioner carries out in a number of ways. One is to inspect shipments of Canadian goods to make sure that they have arrived in good condition. In India, the Trade Commissioner looks over a shipment of Canadian asbestos in a Bombay warehouse.

4

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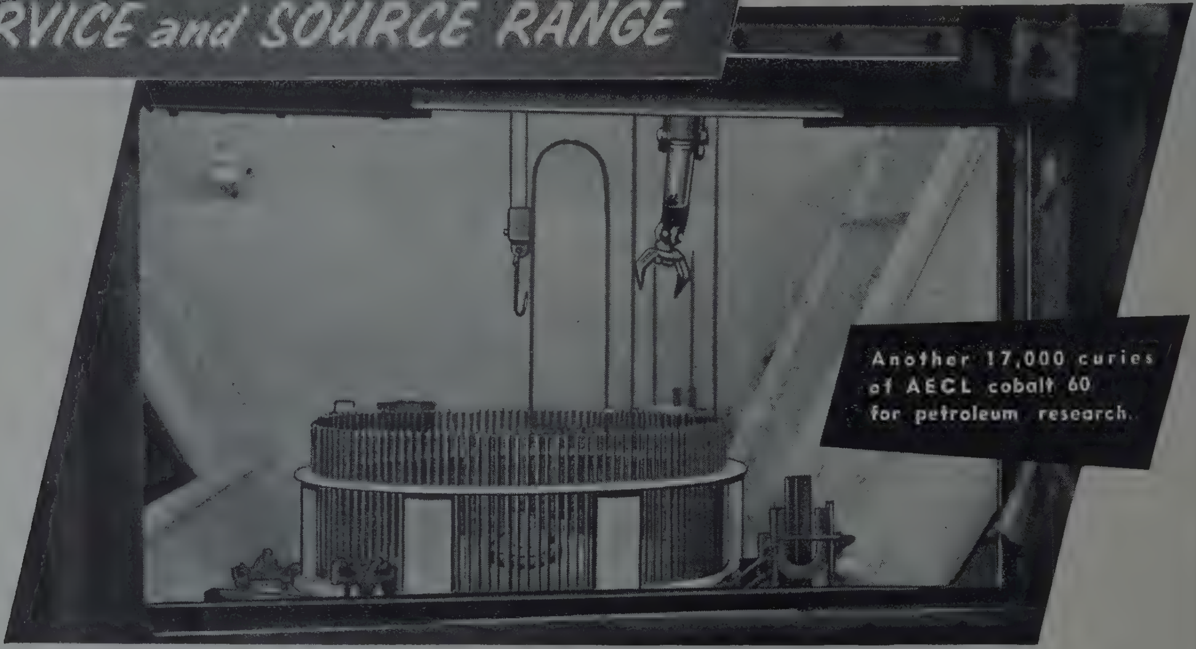

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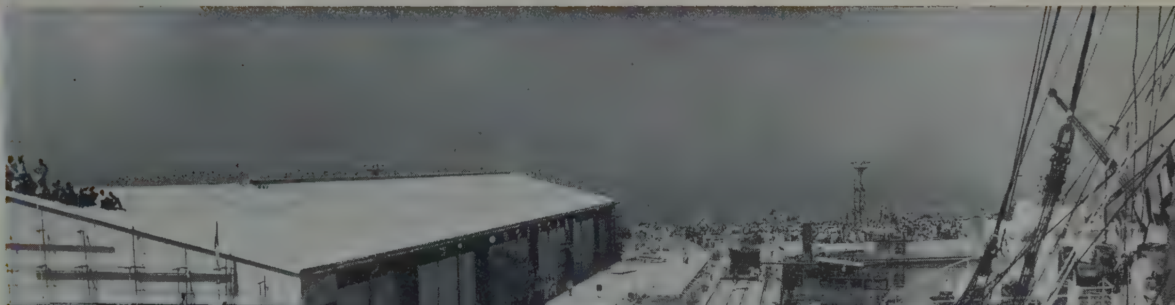

WEST AFRICA: DEVELOPMENT AND TRADE (pages 2-14)

foreign trade

Established in 1904

OTTAWA, MAY 7, 1960 Vol. 113, No. 10

CANADA

cover Tema, Ghana's new port, a scene of bustling activity, will ease the strain on Takoradi (the only other seaport in the country where ships can lie alongside) when it is completed a few months hence. The picture typifies the progress being made in West Africa today, bringing in its wake demands for many types of imported goods. The reports on pages two to fifteen bring the reader up-to-date on agricultural and industrial progress and trade in this dynamic area of the African continent.

2 **West Africa: Development and Trade . . .** *a changing, growing market, where agricultural products and minerals still lead the way but industry is being fostered.*

3 **Ghana**
6 **Nigeria**
8 **Gambia**
9 **Sierra Leone**
10 **Liberia**
12 **Belgian Congo**

18 **Bangkok's Import Houses . . .** *the Trade Commissioner takes a look at the importing community and import practices in Thailand's busy capital.*

24 **Have You Tried the Trade-Fair Technique? . . .** *hundreds of Canadian exporters have, and they've discovered it works.*

28 **Ethiopia's Economy Improves . . .** *as vigorous attack on current problems succeeds.*

14 **Shipping Services from Canada to Central Africa**
20 **Japan's Foreign Currency Budget**
22 **Prefabs: One in Ten**
23 **India's New Oil Policy**
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36 Transportation Notes

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At Bonwire, near Kumasi, centre of a cloth industry, two Ghanaians weave Kente cloth, used traditionally for the robes of Ashanti Chiefs—UN Photo.

GHANA

NIGERIA

GAMBIA

SIERRA LEONE

LIBERIA

BELGIAN CONGO

Development and Trade

Ghana

Ghana's economy still rests solidly on cocoa, and production and exports are rising. Government development plan calls for 600 new industries by 1964; this should help to create a challenging new market for Canadians.

K. F. OSMOND, *Commercial Secretary, Accra.*

AN excellent cocoa crop and a marked increase in government current and capital expenditure stimulated Ghana's economy in 1959. This improvement was reflected in increased business activity on the domestic scene and in record trade with other countries.

Exports of cocoa for the first ten months of 1959 rose to £58.3 million from £52.4 million during the corresponding period in 1958, despite lower prices in the world market. Shipments of gold, diamonds and timber also increased substantially in value, but sales of manganese ore dipped because of a decline in export prices.

Imports of machinery and transport equipment virtually doubled over the previous year. There were important increases also in imports of chemicals and pharmaceuticals, food, beverages and tobacco, and a variety of manufactured goods.

In July 1959 the Government announced its Second Five Year Development Plan. It envisages an expenditure of £350 million, including £100 million for hydro-electric works, of which the most important is the vast Volta River power and aluminum project.

EXPORTS OF AGRICULTURAL PRODUCTS OTHER THAN COCOA

	1958 (10 mos.)	1959 (10 mos.)
Kola nuts	£298,727	£634,752
Coffee	86,662	338,682
Copra	123,059	155,987
Palm kernels	308,921	112,774
Rubber	38,587	51,797
Bananas	45,888	35,343
Coconuts	21,039	23,260
Lime fruit juice	20,514	66,396

Priority is being given to a number of projects for "immediate implementation". Particular emphasis is placed on diversification and improvement of agriculture, industry, communications, health services and education, and £147 million has been earmarked for these purposes. Other projects will be added as financial resources become available from internal or external sources.

Cocoa Output Rises

Cocoa is by far the most important crop; production is all exported and accounts for nearly two-thirds of Ghana's foreign exchange earnings. Output has risen steadily over the past three crop years through better control of pests and diseases, the use of fertilizers, and the planting of high-yielding stocks. The amount of cocoa produced in the crop year 1958-59 totalled 255,500 tons, up about 23 per cent over the previous season. The 1959-60 crop is estimated at over 300,000 tons.

The average price received for exports of cocoa over the whole of 1959 dropped by 13.3 per cent—to £274 per ton from £316 in 1958. This drop became more pronounced in the last quarter of 1959 and price quotations at the end of December were about 25 per cent below those at the beginning of the year. The price paid to the producer is controlled by the Cocoa Marketing Board and has remained unaffected by world price fluctuations.

Apart from cocoa and such staple food crops as plantains, cassava, yams, cocoa yams, maize and peanuts, agricultural production in Ghana is on quite a modest scale. Rapid urbanization and rising living standards are, however, boosting demand for more and varied foodstuffs, which at present can be met only by imports. The Second Development Plan therefore emphasizes the modernization and development of agriculture, and has set the following main targets for the next five years:

to raise the yields of the cocoa industry

to establish large acreages in rubber and bananas

to establish the foundations of a cattle industry

to raise the yield of cereals in the Northern Region

to bring the Volta flood plain under irrigation

to study and promote the use of fertilizers.

Exports of agricultural products other than cocoa are small at present but are expanding, as the accompanying table indicates.

Ghana's timber industry falls into two main categories: the export of logs, and sawmilling for domestic and export markets. Increased mechanization in logging operations resulted in record timber production in 1959. World prices were buoyant and exports for the first ten months of the year reached £10.86 million, compared with £9.07 million in the same period of 1958.

To avoid indiscriminate cutting of timber outside the national timber reserves, which are already controlled, a law was enacted in July 1959 authorizing the Government to declare some regions "protected areas", in which the felling of trees, except under licence, will be prohibited.

Industry Moves Ahead

Although Ghana is, and will remain, predominantly an agricultural country, the Government is determined to develop its industrial potential to the maximum. Some £10 million has been set aside under the Second Development Plan for direct investment in industrial enterprise during the next five years. Part of the money is for investment in shares or debentures of private undertakings; the remainder is for investment in enterprises under the control of the Government's Industrial Development Corporation (IDC).

Ghana recognizes the need for foreign capital and technical know-how to push her program of industrial development. As an incentive to overseas investors the Government has introduced a number of measures to make capital investment attractive. It is also prepared to sign agreements with any country, guaranteeing the rights of its investors in Ghana.

A number of new industries have already been established, including aluminum corrugated sheets, matches, truck assembly, nails, cigarettes, and biscuits—to name only a few. Priority is being given under the development plan to the establishment of no less than 600 industries within the next five years.

Mining

As in previous years, Ghana's mining industry in 1959 centered around the production and export of gold, diamonds (mostly industrial), manganese and bauxite. There was, however, much activity in the quarrying of stone for building and road-making. Gold output rose from 853,000 ounces to an estimated 911,000, the biggest recorded annual production since the war. The accompanying table shows the value of Ghana's mineral exports for the first ten months of 1958 and 1959.

MINERAL EXPORTS

	1958 (10 mos.)	1959 (10 mos.)
Gold	£ 8,789,289	£ 9,343,673
Diamonds	6,907,539	7,468,991
Manganese	7,801,681	5,644,315
Bauxite	448,107	336,018
Total	£23,946,616	£22,792,997

External Trade Expands

Provisional figures released by the Government show that Ghana's total imports for 1959 jumped to a new high of £113.41 million. Total exports, at £114.04 million, also climbed to a near record, resulting in a small but favourable trade balance of £0.63 million.

GHANA'S FOREIGN TRADE

	Imports	Exports
	(millions of £)	
1956	88.9	86.6
1957	96.6	91.6
1958	84.6	104.6
1959	113.4	114.0

The distribution of trade did not change significantly during the year. The United Kingdom was the main supplier, followed by West Germany, the Netherlands, Japan and the United States. These countries, with the exception of Japan, were also Ghana's best customers.

Business with Canada

Canada's sales to Ghana in 1959 were three times bigger than in the previous year. Although complete figures for 1959 are not yet in, it is expected that Ghana's shipments to Canada will be double those in the calendar year 1958.

GHANAIAN-CANADIAN TRADE

	1957	1958	1959
	(millions of Can. $)		
Exports to Ghana	1.25	1.28	3.80
Imports from Ghana (11 mos.)	5.99	2.13	4.03
Total trade	7.24	3.41	7.83

Flour accounted for most of the increase in Canadian sales and in fact constituted about 93 per cent of our total exports to this country in 1959. Higher consumer purchasing power and rising living standards are boosting sales of flour here, and the Canadian product is becoming more and more popular because of its high protein content and excellent baking qualities. Our flour exports to Ghana in 1959 rose to $3.54 million from $1.04 million in 1958. In spite of growing demand, however, the market on a number of occasions during the past year has been overstocked. This has resulted in underselling by importers and depressed prices on the local market from time to time. Storage space is limited and flour must be disposed of quickly to avoid deterioration in the hot, humid climate. Canadian exporters would be well advised to watch this closely.

Canada's main exports to Ghana in 1959, other than flour, were: automobiles and parts $163,280, office machines and parts $17,944, clothing $13,679, gas and marine engines $7,844, calcium compounds $5,372, canned salmon $3,776, and farm equipment and parts $3,530. Our purchases from Ghana are confined almost entirely to cocoa beans; mahogany, teak and other tropical woods; and manganese ore.

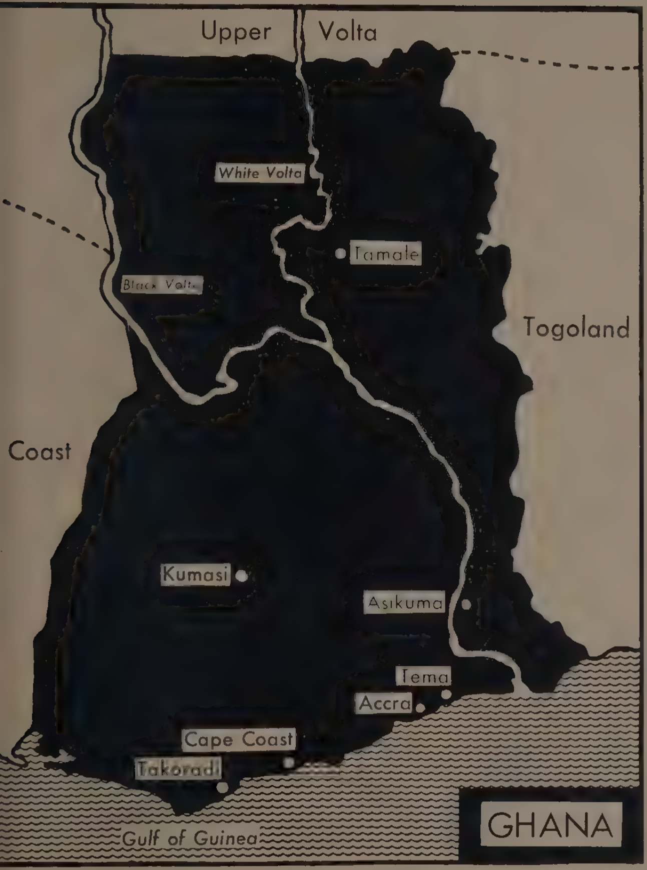
Outlook for Canadians

On March 16, 1960, the Government of Ghana announced the liberalization of all imports from dollar countries with the exception of arms and ammunition, explosives, gold, cinematographic films, petroleum products, and tobacco in both manufactured and unmanufactured form.

Now that this market is virtually wide open, Canada should be able to sell a wider variety of goods. It is important to remember, however, that this is a price market and competition is bound to be keen, particularly from traditional suppliers.

Among the products that seem to offer the best opportunities for Canadian suppliers are consumer goods, foodstuffs (particularly canned products), motor vehicles and parts, various types of machinery, building materials, fertilizers and insecticides. The Office of the Commercial Secretary, Accra, welcomes inquiries from interested Canadian businessmen. ●

Markets in Brief



GHANA

Area: 91,483 square miles.

Population: approximately five million.

Climate: tropical and humid.

Language: English.

Currency: Ghanaian pound, at par with sterling.

Weights and measures: avoirdupois and linear.

Capital: Accra, at sea level.

Chief ports: Takoradi, Accra (surf port only); new port at Tema opening in about a year.

Marketing centres: Accra (population 136,000); Takoradi 45,000—mainly engineering firms, sawmills, mines; Kumasi 79,000, capital of Ashanti.

Economy: mainly dependent on cocoa; gold, timber, diamonds and manganese of secondary importance.

Total Ghanaian imports: 1958—£84.6 million; 1957—£96.5 million.

Chief imports: (in per cent) food, beverages and tobacco 21.7; textiles 17.4; machinery, including electrical apparatus and appliances 10; transport equipment 8; chemicals 7.8; mineral fuels, lubricants 7.4.

Chief suppliers: 1958 (in per cent)—United Kingdom 43; Netherlands 8.4; Japan 8; combined Commonwealth countries 7; West Germany 5.7; United States 5.

Value of imports from Canada: 1958—£793,694; 1957—£968,637.

Chief imports from Canada: (in per cent)—flour 78.4, machinery and transport equipment 16.7, chemicals 3.8.

Total Ghanaian exports: 1958—£104.5 million.

Chief exports: 1958 (in millions of £)—cocoa 62, timber 11.9, gold 10.6, diamonds 8.7, manganese 8.6.

Chief markets: 1958 (in per cent)—United Kingdom 36, United States 19, West Germany 16, Netherlands 9.7.

Value of Canadian purchases: 1958—£606,243; 1957—£894,955.

Chief Canadian purchases: (in per cent) cocoa beans 92.9; logs and sawn timber 7.

Dollar exchange: effective March 19, 1960, the Government of Ghana liberalized controls on imports from the dollar area of all goods except arms, ammunition, explosives, gold, cinematographic films, petroleum products, and manufactured and unmanufactured tobacco. All goods from Canada, except the few specified above, may now enter Ghana without import trade control licences.

Prices: quote only in sterling, c.i.f. Takoradi or Accra.

Samples: entry free if of no commercial value; otherwise duty refundable on re-export within three months.

Trade agreements: Ghana precluded by Niger River Convention from granting any preferential tariffs to Commonwealth countries. Ghana is a member of GATT.

Import controls, documentation, customs tariffs, marking and labelling: consult International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Main banks: Bank of West Africa, Barclays (D.C.O.) Ltd., Bank of Ghana, Ghana Commercial Bank.

Correspondence: airmail—six days; seamail—about six weeks. Valuable documents should be registered.

For detailed information on this market write to:

Commonwealth Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Secretary
Office of the High Commissioner for Canada
P.O. Box 1639
Accra, Ghana
West Africa

Nigeria

Palm products, peanuts and cocoa are still Nigeria's biggest foreign exchange earners and exports are rising. Improved living standards bring growing demand for imported goods, now admitted freely—with some exceptions—from dollar countries.

K. F. OSMOND, *Commercial Secretary, Accra.*

NIGERIA'S economy has developed rapidly since the end of the war; total revenue, excluding grants from overseas, has risen from £14.1 million in 1946-47 to an estimated £76.5 million for the financial year 1959-60. Foreign trade has also expanded; between 1947 and 1958 exports jumped in value from £44 million to £136 million, and imports from £33 million to £167 million. For the first eleven months of 1959, total trade at over £312 million had already passed all previous annual records and is likely to exceed £340 million for the whole year. Imports at the end of November 1959 totalled £162.4 and exports £150.3 million; the over-all trade deficit at £12 million was nearly 57 per cent lower than in the same period of 1958.

According to the latest import statistics in the accompanying table, machinery and transport equipment and foodstuffs accounted for most of the rise in 1959. Of the former, aircraft engines and parts made up most of the increase (£1.8 million compared with £0.36 million), followed by ships and boats (£1.6 million compared with £0.31 million). The imports of aircraft and parts were exceptional last year and cannot be expected to continue at that level. The same applies to ships and boats, where most of the increase was accounted for by special drilling rigs for oil exploration. In food, imports of stockfish rose to £6.9 million from £5.5 million and of wheat flour to £2.3 million from £1.8 million.

Nigeria's principal exports are palm kernels and oil, peanuts (including oil and cake), cocoa, raw cotton, timber, rubber and tin ore. Almost double the tonnage of cocoa was exported up to the end of October 1959 compared with the same period in 1958. Export sales of the other products, with the exception of tin ore, also showed substantial gains. The best customers last year were the United Kingdom, the Netherlands, West Germany and the United States. These countries, plus Japan, were also the main suppliers.

IMPORTS INTO NIGERIA

	1958 (10 mos.)		1959 (10 mos.)	
	Million £	Per cent	Million £	Per cent
Manufactured goods	52.2	39.0	52.4	36.0
Machinery and transport equipment	31.6	23.6	36.4	25.0
Food	14.7	11.0	17.5	12.0
Miscellaneous manufactured articles	12.2	9.2	13.9	9.5
Mineral fuels and lubricants	7.5	5.6	8.7	6.0
Chemicals and pharmaceuticals	7.4	5.5	8.3	5.7
Beverages and tobacco	4.5	3.4	4.7	3.2
Crude materials, mainly inedible	1.7	1.3	1.6	1.1
Others	1.9	1.4	2.2	1.5
Total	133.7	100.0	145.7	100.0

Export Crops

Of Nigeria's field and tree crops, only about 20 per cent is exported; the remainder is consumed on the domestic market. Agricultural exports are, however, of great importance to the economy and account for about 85 per cent of total earnings from abroad.

Most of Nigeria's agricultural exports are handled by Regional Marketing Boards. The boards fix prices to be paid to producers at the beginning of each season and buy the produce through officially licensed agents who act on their behalf. Arrangements for shipment and overseas marketing are the responsibility of the Nigerian Produce Marketing Co. Ltd., registered in Nigeria with an office in London. This company is wholly owned by the Regional Marketing Boards.

- Palm Products—Nigeria is the world's largest exporter of palm kernels and oil, providing 50 per cent of the global trade in kernels and over 30 per cent in palm oil. All but a small part of the palm kernel production is exported but large quantities of palm oil are consumed locally. Export figures for the past two years are given in the accompanying table.

EXPORTS OF PALM PRODUCTS

1958	Palm Oil	Palm Kernels
tons	170,507	441,223
value	£12,662,859	20,449,817
1958 (10 mos.)		
tons	160,131	381,820
value	£11,922,197	17,552,403
1959 (10 mos.)		
tons	170,434	386,006
value	£12,903,128	23,064,159

- Peanuts—Nigeria is also the world's biggest exporter of peanuts, and supplies about 30 per cent of total international trade. Production for the 1958-59 season totalled about 533,000 tons, compared with the record 1957-58 crop of almost

715,000. Export sales for the first ten months of 1959 totalled 424,323 tons valued at £23.4 million, compared with 408,114 tons worth £21.7 million for the same period in 1958.

- Cocoa—Nigeria ranks third among world producers of cocoa; most of it is grown in the Western Region and virtually all of it is exported. Production for the 1958-59 season reached a record of just under 140,000 tons, and it is expected that the 1959-60 crop will be bigger. Exports to the end of October 1959 totalled 112,197 tons valued at £30.8 million, compared with 58,682 tons worth £18.4 million during the same period of 1958.

- Cotton—Cotton lint and seed provide a valuable addition to Nigeria's export trade and output has expanded rapidly in recent years. About 98 per cent of the crop is grown in the Northern Region and it is estimated that about one-third is consumed locally. There is a country-wide native spinning and weaving industry, and a modern mill at Kaduna in the Northern Region that makes cloth, mainly for internal sale. Exports of cotton lint and seed for the first ten months of 1959 and 1958 totalled £7.8 million and £7.1 million.

Industry Grows

Industry in Nigeria is still on a small scale and not yet a major contributor to national income. However, considerable expansion has taken place in recent years in the processing and manufacturing industries, and this growth is accelerating. The more important industries include the manufacture of cement, cotton textiles, beer and soft drinks, cigarettes, soap, metal drums and other containers, metal doors and windows, margarine, plastic water pipes and other plastic goods. There is also a large meat canning plant, which in 1959 turned out over two million tons of canned beef, and a vehicle assembly plant that began operating in October 1959.

Work has started at a site near Lagos on an asbestos cement products plant to make corrugated and flat sheeting, ridging, ducting and piping. An extension is also planned for the large textile mill at Kaduna in Northern Nigeria that will boost production by 40 to 50 per cent. In addition, the Government is sponsoring a steel rolling mill for Badagry, west of Lagos, that will make reinforced steel rods from domestic ferrous scrap. Other projects scheduled to begin operations in 1960 include an aluminum pots-and-pans factory near Lagos and a new cement plant, now being built in the Western Region, with a capacity of 200,000 tons a year.

Industrial development is a major objective of government policy in Nigeria and the Federal and Regional Governments have issued a joint statement welcoming overseas investment and giving assurances that the interests of investors will be safeguarded. Existing legislation is designed to encourage foreign investment.

Oil Exploration

The search for oil in Nigeria, begun in 1937 and interrupted by the war, was resumed in 1947. By 1958 oil had been discovered in 12 different areas and output that year averaged about 7,000 barrels a day. Production rose to some 15,000 barrels a day in 1959 and

Nigeria exports more palm oil and palm kernels than any other country; earned more than £36 million from them last year. Here bunches of palm nuts are carried in from the farm to a processing station. Nigerians themselves use large quantities of palm oil.

it is expected that this will be more than doubled by the end of 1960. Nigeria began to export crude oil early in 1958 and exports have increased in value from £0.98 million at the end of that year to over £2 million for the first ten months of 1959.

Exploration continues and there are good prospects that oil will become one of Nigeria's more important exports. Consideration is already being given to the feasibility of establishing a local refinery.

Canadian Opportunities

Canada's exports to Nigeria in 1959 totalled $977,395 compared with $336,720 in 1958. Shipments of Canadian flour, which rose to $693,415 from $118,967 in 1958, accounted for almost all of the increase. The only other major gain was in our sales of automobiles and parts, valued at $150,805 in 1959, against $82,014 in the previous year. Statistics showing Nigeria's total flour purchases from all sources for 1959 are not yet available but imports to the end of October had already exceeded those for the whole of 1958. Although this reflects a growing demand for flour and in particular for Canadian flour, the market was nevertheless frequently overstocked during the year and lower prices resulted.

With the new liberalization measures effected during 1959, all but a short list of items may now be imported into Nigeria from dollar countries under Open General Licence. Imports are increasing in range and in volume as the economy expands and standards of living rise. The demand for luxury goods is likely to be limited for some time, but there is a growing market for foodstuffs and other staple consumer goods, building materials, all types of machinery and equipment, pharmaceuticals, passenger cars and miscellaneous manufactured articles. Canadian exporters should be able to share in the growing demand, provided their goods are competitively priced. ●

Gambia

This small colony, dependent on peanut exports, offers little scope to Canadian traders, except in wheat flour. Contracts with importers demand caution.

K. F. OSMOND, *Commercial Secretary, Accra.*

THE GAMBIA, a small British colonial territory, consists of a number of islands and a narrow strip of territory barely seven miles wide, with a total area of 4,003 square miles. The coastal plain is flat and covered with mangrove swamps; inland, the country is chiefly hilly. The principal town, Bathurst, is located at the mouth of the Gambia River, which handles almost all the overseas trade of the hinterland. The population of Gambia totals about 275,000; only 400 are Europeans. The French influence is considerable, and dates back to the 17th century when an almost continuous struggle, both political and commercial, went on for the control of Gambia itself and its next-door neighbour, Senegal.

Gambia is not a wealthy colony; the annual national income works out at about £20 per capita. It is not surprising, therefore, that scope for trade, particularly with dollar countries, is strictly limited. Overseas trading is in the hands of French and English branches of large companies with head offices in the United Kingdom.

Communications are poor; in 1958, only 378 cars were registered —not surprising, with only about 150 miles of laterite road. There is one airport at Yundum from which twice-weekly services operate to other places in West Africa. The mail boat calls every three weeks at Bathurst on its way to or from the United Kingdom, and there is a weekly air service linking Gambia with the rest of West Africa. River steamer is the usual means of transport within Gambia because during the short but torrential rainy season (July to October) most roads are impassable.

Peanuts Main Export

Gambia's economy depends entirely on the peanut crop. The light soil and short rainy season make conditions ideal for peanuts and, apart from a small amount of subsistence crops, all suitable land is devoted to growing them for export. They account for 95 per cent of total annual exports by value.

Exports of peanuts and oil cake in 1959 fell to £2.8 million from £3.7 million in 1958 and the 1960 figure is expected to be even lower. The immediate outlook for Gambia's export trade is therefore not bright.

Most imports from dollar countries are now on Open General Licence and certain goods produced in the Commonwealth enjoy preferential rates of duty.

Detailed figures for 1959 are not yet available but total imports were valued at £3.14 million, compared with £3.91 million in 1958. Main imports, in order of importance, are manufactured goods, food, machinery and transport equipment, beverages and tobacco, chemicals, and mineral fuels and lubricants. The United Kingdom, Japan, India and Sierra Leone are the principal suppliers.

Canada's sales to Gambia in 1959 rose to $49,893 from $13,891 in 1958—almost entirely flour. Opportunities for the sale of other commodities appear limited.

Status Reports Important

There is an increasing tendency for small Gambian importers to advertise in overseas newspapers and, if permitted, to enter into contracts that they cannot honour. Overtrading is common and Canadian exporters should exercise care in the granting of credit facilities. There are no debt-collecting agencies, no bankruptcy laws and only one solicitor who is prepared to handle debt cases. This makes it vital to deal only with reputable firms. ●

Sierra Leone

Production in industry and agriculture is on the upswing and mineral exports, particularly iron ore and diamonds, are rising. Most goods from dollar countries may now be imported under Open General Licence.

K. F. OSMOND, *Commercial Secretary, Accra.*

THE British colony and protectorate of Sierra Leone, or the "Lion Mountain" as it was named by its Portuguese discoverers in the 15th century, covers an area of 27,925 square miles. It is bounded on the north and east by French Guinea and on the southeast by Liberia. The seacoast stretches for 210 miles and Freetown, the capital, possesses one of the finest natural harbours in Africa. No official census has been taken since 1931 but latest estimates place the population at about 2.3 million. Sierra Leone is within the tropics and temperature and humidity are high. Rainfall in most parts of the country reaches over 125 inches a year.

Over the past few years, the production and export of minerals, particularly diamonds, have become the dominant features of the economy. A diversion of labour from agriculture to the more remunerative diamond digging has inevitably led to a decline in agricultural production and a rise in the demand for imported foodstuffs. Most of the population is, however, still dependent on agriculture for a living and in 1959 there were signs that the drift to the diamond diggings was being reversed.

Crops for Food and Export

Rice is the most important crop and by far the biggest acreage is given over to paddy. Production averages about 200,000 tons a year, but in recent years this has been insufficient to meet local needs and Sierra Leone has become a big rice importer.

Palm kernels, cocoa, coffee, piassava, kola nuts and ginger are the main agricultural exports but significant quantities of peanuts, cassava, benniseed, coconuts and bananas are also grown, mainly for home consumption. Exports of agricultural products during 1958 and 1959 are shown in the accompanying table.

For some years, beginning in 1951, there has been a decline in the output of palm kernels. But largely as a result of efforts made by the Department of Agriculture in introducing new and improved palms, the slide has been arrested and since 1956 production has been on the upswing. Exports of cocoa dropped slightly from 1958, though there has been a substantial boost in production in recent years. Coffee is also rapidly developing into an important export crop and shipments in 1959 reached a new high.

Iron Ore and Diamonds

Exploitation of minerals began only 30 years ago. But since then, the mining industry has grown rapidly and in 1959 mineral exports, principally iron ore and diamonds, accounted for nearly two-thirds of the total value of all domestic sales abroad.

The main iron ore deposits are at Marampa in the Port Loko district and between the Sakaya and Waka Hills in the Tonkolili district. The Sierra Leone Development Company Ltd. has mining rights on deposits in these areas but so far only the Marampa mine is being actively developed. Plans for exploitation of the Tonkolili deposits are well advanced and work is expected to begin in 1960. It will take from three to four years and an investment of some £25 million to bring production to maximum capacity.

During 1959 a number of works were completed at the Marampa

AGRICULTURAL EXPORTS

	1958		1959	
	Tons	Value	Tons	Value
Palm kernels	54,609	£2,448,256	57,530	£3,175,621
Coffee	3,347	895,005	4,931	984,858
Cocoa	2,828	872,290	2,617	701,585
Piassava	4,944	237,051	5,423	237,333
Kola nuts	1,035	135,227	742	111,633
Ginger	789	70,050	1,054	102,668
Total	67,552	£4,657,879	72,297	£5,313,698

mine, including a new ore-treatment mill that turns out half-a-million tons of concentrates a year. Construction will start in 1960 of another extension that is expected to up the output of the Marampa mine to over two million tons a year by the second half of 1961.

According to provisional figures, exports of iron ore in 1959 totalled slightly over 1.5 million tons, valued at £4.1 million. Comparative figures for 1958 were 1.4 million tons and £4.5 million.

Diamonds were first discovered in 1930 and subsequent investigations and prospecting have revealed the existence of an extensive diamond area.

The value of diamonds mined in Sierra Leone is currently estimated at about £19 million a year. Of this, some £4 million worth are extracted and sold through proper channels by the Sierra Leone Selection Trust Limited, a British-owned company that until 1956 had a monopoly on diamond mining in Sierra Leone. The remaining £15 million worth is mined by Africans under alluvial mining licences. In the past, most of the African-mined diamonds were disposed of illegally. Since the Government established a new marketing system in August 1959 and made other efforts to eliminate smuggling, there has been a big increase in African-won stones sold through legal channels. In 1959, it is estimated that nearly £6 million worth of the stones dug by Africans were sold to the Government Diamond Office and about £9 million were disposed of illicitly. The value of diamonds sold legally, therefore, totalled £10 million.

Provisional figures place total diamond exports during 1959 at about £7 million, leaving stocks to the value of £2 million in the hands of the Government Diamond Office. Of the stones disposed of illegally, it is impossible to know how many left the country.

Imports in 1959 were valued at £23.5 million, down slightly from the previous year's £23.9 million. Exports in 1959 dipped slightly to £19.5 million from £19.6 million in 1958. The accompanying table shows the value of imports by main statistical classifications.

IMPORTS INTO SIERRA LEONE

	1958	1959
	(million £)	
Food	3.66	4.92
Beverages	1.39	1.15
Tobacco	.68	.54
Mineral fuels, etc.	3.12	2.89
Miscellaneous*	15.05	14.01
Total	23.90	23.51

*Includes textiles, building materials and machinery—all principal imports.

Following the British relaxation of restrictions on imports from dollar countries, the Ministry of Trade and Industry in Sierra Leone announced in July 1959 that most goods could now be imported under Open General Licence. Specific licences are still needed for motor vehicles and parts and air-conditioning equipment; it is understood, however, that licences for these will normally be granted freely.

Canada's exports to Sierra Leone in 1959 reached $725,997 compared with $501,635 in 1958. Flour is by far our most important export and in 1959, sales jumped to $653,581 from $454,272 in 1958. Our only other exports of any magnitude are cedar planks—for which there seems to be a growing demand—canned salmon, and aircraft parts. Now that imports from dollar countries have been liberalized, there should be greater opportunities for Canadian goods. •

Liberia

Rubber continues to be leading export; iron ore has replaced gold as chief mineral produced. Sardines and flour take first place among Canada's sales to this small but developing country.

K. F. OSMOND, *Commercial Secretary, Accra.*

THE Republic of Liberia, approximately 43,000 square miles in area, extends for about 350 miles along the West Coast of Africa and some 150 miles into the interior. It has been independent for over 100 years but its development has largely taken place since the Second World War. The capital, Monrovia, is the only town of any size or importance and has a population of about 50,000. It is the chief port and centre of administration and trade. There are no passenger railways and only about 900 miles of all-weather roads.

Two Principal Exports

Rubber is by far the most important of Liberia's agricultural products and rubber exports during 1958 were worth $26.3 million; the figures for 1959 are expected to be as high. Some 88 per cent of Liberia's rubber is produced by a United States rubber company that has over 86,000 acres under cultivation. The remainder is accounted for by about 1,000 Liberian-owned rubber farms with a total of about 65,000 acres of rubber trees.

Palm kernels rank second to rubber as an agricultural export crop and the same United States company controls the largest single planting of 1,000 acres of improved oil palms. A German organization has established oil mills that began operating commercially in 1958. The palm kernels are exported and oil from the pulp is sold locally.

Other agricultural exports include piassava fibre, coffee, cocoa and a small quantity of kola nuts.

Minerals Important

Gold is exported under a government monopoly and export taxes levied on all precious metals and semi-precious stones have become an important source of revenue. Production of gold, however, is steadily diminishing and its place is being taken by iron ore, now the principal mineral produced in Liberia. The Bomi Hills deposit contains some of the richest iron ore in the world and a new discovery with a 55 per cent to 65 per cent iron content is expected to produce four million tons a year. Production will start in April 1961 and railways are being built from the Mano River to Bomi. This will make the third iron-ore deposit being worked in Liberia; the others are exploited by the Liberian Mining Co. and the Liberian American Swedish Minerals Co. (LAMCO). The new deposit will be worked by a company jointly owned by LAMCO, the Liberian Government, and private shareholders. If all the plans of these companies materialize, an annual iron-ore production of 15 million tons is forecast for the 1960's.

Timber Industry

The outlook for the development of Liberia's timber industry is encouraging. At present there are ten sawmills, although four are inactive. Annual production is estimated at nearly six million board feet and there are plans to step it up to eight million board feet. The proposed construction of 400 miles of railroad through important forest areas suitable for timber production may well create a boom in the industry. The general expansion of Liberia's economy and consequent building boom will also benefit the timber producers.

Other local industries include the manufacture of bricks and tiles, soap and furniture. There is also a modern bottling plant.

Trade Picture

Imports rose rapidly from 1953 to 1957 but fell off in 1958, when the effects of the recession were felt.

A "bucket brigade" brings latex to a collecting station on a large rubber plantation. Rubber makes up over 60 per cent of Liberian exports.

The value of Liberia's imports by principal commodities in 1958 and 1957 was as follows:

	1957	1958
	(millions of U.S.$)	
Machinery and transport equipment	11.4	7.5
Manufactured goods	15.2	10.1
Food	5.5	3.8
Mineral fuels, etc.	1.7	2.0
Beverages and tobacco	1.7	2.0
Chemicals	2.3	1.9
Others	.5	.4
Total	38.3	27.7

Exports were valued at $40 million in 1958, with rubber accounting for $26 million, iron ore for $8 million, and industrial diamonds for $1 million. The United States retains by far the largest share of both the import and export markets; in 1958 it supplied 56 per cent of Liberia's imports and bought about 71 per cent of her exports. Liberia's other main trading partners are West Germany and the United Kingdom. The currency is the U.S. dollar.

Canada's exports to Liberia totalled $1,553,400 in 1957, $662,972 in 1958, and $227,092 in 1959. (Of the 1957 total, $1.4 million represented ships sold and in 1958, $429,000.) Sardines and wheat flour were the main commodities (exclusive of ships), though in 1958 motor tires, mining machinery and medicinal preparations all increased in value. The only Canadian product displayed at all prominently in Liberian stores is sardines, though Canadian whisky and Canadian-made lanterns and cooling jugs sell in small quantities. The purchasing power of the population is low, although in Monrovia the demand for luxury goods is increasing. Credit and instalment sales are not encouraged and debt-collecting agencies are not active. Nearly all general importers deal either through subsidiary or affiliated companies or purchasing agents in New York City, and close liaison with these New York firms might well result in increased trade with Liberia. ●

Planters in the Uele district, grouped in co-operatives, receive first payments on cotton delivered for milling and marketing.

Belgian Congo

Achievement of independence in June should bring greater economic stability. Effects of recession less noticeable in '59 and Canadian sales improved; future prospects governed by still unknown factors.

K. NYENHUIS,* *Trade Commissioner, Leopoldville.*

ON June the 30th the Belgian Congo will receive its independence. At the round table conference held in Brussels in January and February in which 81 delegates of Congo political parties and native chiefs participated, the framework of the new state was unanimously established and the constitution worked out.

The economic possibilities of the Belgian Congo appear promising. Although the riots of January 1959 had a depressing effect, there are signs that confidence is returning, now that the political destiny of the country has been decided. Much will depend, of course, on the capacity of the individuals who will take the reins. Until this has been proven there is not likely to be much improvement in the investment climate which during 1959 was rather discouraging, apart from some government contracts which were in the course of execution at the time of the difficulties. Practically no new projects were started on private account and, on the Government's side, many were kept in abeyance. For the year 1960 the outlook is somewhat better in the public sector; the Government has placed contracts for 1,100 million francs for the first half of the year, against 1,150 million for the whole of 1958.

Finances became severely unbalanced in recent years; during the years 1950-59, receipts increased annually by 6 to 7 per cent and expenditures advanced 15 per cent. To correct this, the Government through new fiscal measures increased receipts from taxes (reinvested profits aiding the economic growth of the country are exempt from tax for five years) and reduced many expenditures of a social nature.

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*Mr. Nyenhuis has returned to Canada and will visit many Canadian cities during July and August. Details of his itinerary will be published later.

To finance the 1960 extraordinary budget, at least 6,000 to 7,000 million francs had to be found on the Belgian and international markets. Two important operations have been concluded that give ground for confidence in the future of the country. First, companies operating in the Belgian Congo and Ruanda-Urundi have agreed to make advance dividend and tax payments. Moreover, they will strengthen their treasuries maintained in Belgian Congo francs by transferring funds from Belgium to the Belgian Congo and Ruanda-Urundi. These funds will strengthen the reserves of the Central Bank of the Belgian Congo and of Ruanda-Urundi, which had been under severe pressure lately because of heavy transfers of funds to Belgium. These operations in Belgian francs represent a total of about 2,500 million. Second, the Belgian Congo treasury has obtained a short-term loan of $20 million (1,000 million francs) in New York, and a long-term loan of $40 million (2,000 million francs) is being negotiated with the World Bank.

It is encouraging that, notwithstanding the political difficulties, progress is being made with the plans for and preliminary work on the Inga hydro-electric project. Final studies as well as the drawing up of documents for calls for tender must be completed by November 30, 1960. Other projects for which companies have been set up include the search for and exploitation of minerals used in the manufacture of aluminum; carton and paper manufacturing, lumbering, and the making of wood products.

Banking Agreement

The National Bank of Belgium and the Central Bank of the Belgian Congo and Ruanda-Urundi have signed a convention of co-operation designed to regulate economic and financial relations between the two countries. It will strengthen the position of the Central Bank and will enable it to obtain the assistance of the National Bank of Belgium to the extent of 2,000 million Belgian francs.

These arrangements consolidate the Belgian Congo franc and guarantee freedom of exchange between the Congo and Belgium. In a general way, they prepare the foundation on which the new Congolese economy will be built. When the Congo attains its independence, the terms of the convention between the two banks of issue might well form the substance of some dispositions covered by the Treaty of Co-operation. This convention becomes effective as soon as the Belgian Government and the Government of the Belgian Congo and Ruanda-Urundi have guaranteed its terms. It may be denounced at any time by either party without advance notice.

Standard of Living

Although a great deal has been achieved already, the Congo is still an underdeveloped country where the annual per capita income does not exceed 2,100 francs (approximately $42). Its economy is largely agricultural with some basic industries and it is dependent almost entirely on world markets. This situation is becoming even more difficult because of a rapidly increasing population, at present estimated at 13 million. The annual rate of increase is 2½ to 3 per cent—this means 26 million people in another 20 years.

It needs no emphasizing that, to achieve improvement in the standard of living of these millions, a united country is required. Old and new investors must be reasonably sure that their capital is safe and the prospects for profit good. It is the intention of the present Belgian Government to send an economic mission to North America and to establish a permanent information office on the Belgian Congo there. It also intends to charge a competent international organization with the blueprinting of a five-year plan.

Trade Improves

Customs statistics for the year 1959 indicate a marked increase in the Belgian Congo's foreign trade over 1958. Between the years 1950 and 1956, Congo and Ruanda-Urundi exports doubled, rising from 13,000 million francs in 1950 to 27,000 million in 1956. This progress was due to an excellent international market for Congo products with high prices which stimulated production.

In 1957, however, the world-wide economic recession put a stop to this progress; that year the value of exports fell from 27,000 million francs to 24,000 million. The reduction in value was caused mainly by the fall in prices, especially for copper, which in the previous year had risen to abnormal highs.

In 1958, the recession continued, affecting both mineral and agricultural products in price as well as in quantity. The total value of exports that year reached 20,600 million francs, a decrease of almost 25 per cent from the previous high.

In 1959 the situation changed. In April of that year a definite increase in exports became noticeable and by the end of the year they totalled 24,788 million francs. Detailed analysis indicates that this increase stemmed from larger volume rather than higher prices. Cotton made significant progress; exports in 1959 amounted to 52,800 tons against 34,400 tons in 1958. Tea and coffee also did well, with 93,400 tons of coffee exported in 1959 against 70,000 tons in 1958, an increase of 32 per cent. Tea exports increased 45 per cent although the total volume involved is still small by comparison. Exports of palm oil increased to 185,000 tons from 165,000 tons the previous year.

Copper and cobalt are the most important mineral products. Exports of copper increased by 40,000 tons over 1958 to 284,000 tons, and exports of cobalt increased by 23 per cent, from 6,500 tons to 8,500 in 1959, though prices were lower. Production of silver, uranium, radium, cadmium, germanium and zinc concentrates was practically the same as in 1958. Belgian Government contracts for uranium will be fulfilled during 1960 but private demands are practically nil.

Trade with Canada

Canada's trade with the Belgian Congo reached almost $5 million last year, compared with $4 million the previous year. Imports from the Congo doubled from $1.2 million in 1958 to $2.3 million in 1959, exports declined from $2.9 million to $2.7 million in the same period. Principal Canadian exports to the Congo last year were flour of wheat, machinery and parts, asbestos, lamps and lanterns, and bookkeeping machines. In 1959 sales increased for some products such as flour of wheat, smoked salted fish, canned sardines, and lamps and lanterns, but shipments of gas engines and parts were obliterated, and those of bookkeeping machines declined by 50 per cent. Our main imports from the Congo last year were green coffee, wood and veneers, plywood, manganese ore, and palm oil. Shipments of manganese ore almost doubled, and those of wood and veneers tripled compared with the previous year.

The Belgian Congo remains a market for practically all commodities in the food and consumer goods line. Great care should be exercised in extending credit: it is recommended that all business be done on a letter-of-credit basis.

Exports to the Belgian Congo are limited by the low purchasing power of the local population, traditional ties with Belgium, and competitive considerations. Although virtually all imports require licences, in practice the Government of the Belgian Congo does not restrict dollar imports. In the past, licences have been freely granted for imports from all sources.

Future sales to the Congo are bound to be strongly affected by certain factors as yet undetermined. The position of the new State vis-à-vis the Congo Basin Treaties is not yet clear. There is also the question of a connection between the Congo and the European Economic Community. However, it is expected that the new Government will follow sound economic policies; thus on the whole the situation is not unpromising.

For a report on the various Republics of French Equatorial Africa, see Foreign Trade *of July 18, 1959.*

SHIPPING SERVICES FROM CANADA TO CENTRAL AFRICA

	FROM		
	Pacific Coast	**Great Lakes**	**St. Lawrence and Atlantic**
TO **Belgian Congo**	Nedlloyd Line	Christensen Canadian African Lines (subject to inducement)	Belgian African Line Christensen Canadian African Lines Farrell Lines
Central African Republic, Chad, Congo, Gaboon			Barber West African Line Black Star Line Elder Dempster Lines Farrell Lines Seven Stars (Africa) Line
Ethiopia	*Via Djibouti:* Nedlloyd Line		*Via Djibouti:* Blue Funnel Java New York Line Crescent Line
Gambia			Elder Dempster Lines
Ghana			Barber West African Line Black Star Line Elder Dempster Lines Farrell Lines Seven Stars (Africa) Line

		FROM		
		Pacific Coast	**Great Lakes**	**St. Lawrence and Atlantic**
TO	**Kenya**	Kawasaki-Africa Line Nedlloyd Line	Christensen Canadian African Lines (subject to inducement)	Christensen Canadian African Lines
	Liberia			Barber West African Line Black Star Line Elder Dempster Lines Farrell Lines Seven Stars (Africa) Line
	Nigeria			Barber West African Line Black Star Line Elder Dempster Lines Farrell Lines Seven Stars (Africa) Line
	Sierra Leone			Barber West African Line Black Star Line Elder Dempster Lines Farrell Lines Seven Stars (Africa) Line
	Tanganyika	Kawasaki-Africa Line Nedlloyd Line	Christensen Canadian African Lines (subject to inducement)	Christensen Canadian African Lines
	Uganda	*Via Mombasa:* Kawasaki-Africa Line Nedlloyd Line	*Via Mombasa:* Christensen Canadian African Lines (subject to inducement)	*Via Mombasa:* Christensen Canadian African Lines

Steamship Lines	**Agents**
Barber West African Line	*Talabot Shipping and Trading Co. Ltd., Montreal*
Belgian African Line	*Pickford & Black Ltd., Halifax*
Black Star Line, Ltd.	*March Shipping Agency, Ltd., Montreal*
Blue Funnel Java New York Line	*The Cunard Steam-Ship Co. Ltd., Montreal*
Christensen Canadian African Lines	*Kerr Steamships Ltd., Montreal*
Crescent Line	*March Shipping Agency, Ltd., Montreal*
Elder Dempster Lines	*The Cunard Steam-Ship Co. Ltd., Montreal*
Farrell Lines	*Furness, Withy & Co. Ltd., Montreal*
Kawasaki-Africa Line	*Johnson, Walton Steamships Ltd., Vancouver*
Nedlloyd Line	*Dingwall Cotts & Co. Ltd., Vancouver*
Seven Stars (Africa) Line	*March Shipping Agency, Ltd., Montreal*

Commodity Notes

Bicycles

INDIA—India's bicycle industry, which has made phenomenal strides in the last decade, is now reaching out for foreign markets. Exports, begun on a commercial scale only in 1959, exceeded 4,000 bicycles in the eleven months ended November 30 and earned about Can.$120,000 in foreign exchange. Sales of parts and accessories added another Can.$40,000. Principal markets were Burma and Afghanistan but shipments were also made to several other countries in Southern Asia and Africa.

Production of bicycles has risen from 55,000 in 1948 to just under one million in 1959 and capacity, currently 1.05 million a year, is growing rapidly. The Indian Government is encouraging exports by granting priority and special rail freight rates on the movement of bicycles from factories to ports, by supplying steel to exporting factories on a priority basis at concessional prices, and by issuing special import licences for raw materials—New Delhi.

Dairy Equipment

SWEDEN—The Swedish company AB Separator has signed an agreement with the Yugoslavian firm Agrovojyodina for the sale to Yugoslavia of dairy equipment. Deliveries are expected to be valued at about Kr.25 million over the next three years. An agreement has also been reached with two Yugoslavian factories for co-operation on a licence basis. During the period covered by the agreement, the two factories will thus be able to manufacture an increasing share of the equipment for the Yugoslavian dairy industry—Stockholm.

Frozen Foods

SWEDEN—The Scandinavian firm Findus International AB, in which Marabou-Findus, the Norwegian firm Freia, and the Danish Jalco co-operate, will produce quick-frozen foods in Grimsby, England. Production is to get under way this spring under the administration of the British firm Findus Ltd. The Grimsby factory will make fish sticks, which are very popular in the U.K. It will start operations in rented premises, though Findus has bought a large plot of ground with an eye to future development. During 1959, Findus increased sales in Britain by some 65 per cent over the previous year—Stockholm.

Lanterns

MEXICO—The familiar line of Coleman gasoline pressure lanterns and other products will be made in Mexico by Industrias Coleman de Mexico, S.A. Plans are now under way to procure machinery and plant facilities and production is scheduled to begin later this year—Mexico, D.F.

Lightweight Building Materials

PERU—The International Finance Corporation will lend a Peruvian company U.S.$300,000 to assist in financing a new plant to make precast lightweight building materials of chemically treated vegetable fibre and cement to be used for walls, partitions, ceilings and roofs. The Peruvian company will provide U.S.$800,000 from its own resources. The project is sponsored by a group of Peruvian industrialists who will manufacture under licence from a Swiss firm; the latter will furnish technical assistance. The plant is due to begin production about the middle of 1960—Lima.

Livestock

ITALY—Imports of livestock into Italy for breeding and slaughtering totalled Can.$53.8 million during 1959, a big increase over the previous year. The most important livestock import is cattle, which accounted for about 65 per cent of the total trade. Cattle for slaughtering come only from Europe. For breeding, Denmark and the Netherlands are the main suppliers, though other countries, including Canada, have also had a share—Rome.

Oil and Gas

BELGIAN CONGO—The Belgian Congo Government has given final agreement to the establishment of two new concessions to search for oil around the mouth of the Congo River. Exploration beyond the high-water mark will be undertaken by a company formed by Gulf Oil of the United States and Symaf (Syndicat Minier Africain). The concession is for five years and may be renewed. The companies have undertaken to spend 35 million B.C. francs in the first five years and 75 million francs in the first ten.

The second concession covers ten million acres inland and is shared by Petrobelge (Société Belge de Recherches et d'Exploitation Pétrolières) and Forminière (Société Internationale Forestière et Minière du Congo). The company will be capitalized at 150 million B.C. francs, 10 per cent of which will be subscribed by the Congo Government—Leopoldville.

Paper

COLOMBIA—Construction of the $1.6 million Papeles Grace de Colombia plant near Cali is expected to be completed early next year. It will make light kraft, bleached and unbleached light sulphites, tissue paper, writing and printing papers. During the first years of operation the company expects to produce from bagasse about 28,000 tons a year of these papers and to boost output later on. The hope is to save about $8 million a year in paper imports—Bogotá.

TAIWAN—Taiwan exported U.S.$2,521,873 worth of paper and pulp last year, an increase of more than 300 per cent over the record U.S.$842,984 in 1958. Shipments of simili paper took the lead at U.S.$971,965, followed by newsprint, U.S.$756,483; bagasse board, U.S.$386,474; bagasse pulp, U.S.$213,924; kraft paper, U.S.$121,180; poster paper, U.S.$86,173; wrapping paper, U.S.$43,631, and manifold paper, U.S.$34,928. Other kinds exported last year included magazine paper, toilet paper and paper bask for asphalt roofing. Principal markets were Korea, Okinawa and the Ryukyu Islands—Manila.

Research Reactor

SOUTH AFRICA—The Minister of Mines announced recently that the Cabinet has approved the establishment of a reactor center for the Atomic Energy Board and that purchase of a research reactor is being discussed. The site, in the Pelindaba area near the Crocodile River bridge, has been chosen with due thought given to public safety, efficiency for a research program and available funds. An immediate start on the development of the site is expected—Cape Town.

Textiles

CEYLON—As a further measure to reduce unemployment, the Government has agreed to the establishment of an additional 100 textile weaving centres during the course of the next twelve months. At present over 25,000 young men and women are employed in textile weaving centres and the Government considers these centres one of the best means of providing employment and at the same time creating a satisfactory and productive enterprise—Colombo.

Watches

SWITZERLAND—The Swiss watch industry has recovered from the recession of 1958 and orders, especially from Europe and the Middle East, are increasing steadily. In 1959, Swiss shipments of watches to the United States and Canada accounted for 43 per cent (38 per cent in 1958) of total watch exports. The general tendency in these markets is, however, toward the cheaper lines. The average export price per watch sent from Switzerland to the U.S. declined from Sw.Fr.30.8 in 1958 to Sw. Fr.28.9 in 1959. In Europe, the Middle East, Africa and other overseas markets, on the contrary, higher quality watches are preferred—Berne.

Wood-Wool Machinery

SWEDEN—The Swedish company Träullit AB has just delivered Kr.7 million worth of wood-wool machinery to the Soviet Union. A representative of the Swedish firm reports that no less than 46 factories for making wood-wool insulating board are being built in the U.S.S.R.—Stockholm.

Tours of Territory

J. H. BAILEY, Commercial Secretary in Bogotá, Colombia, will visit Quito and Guayaquil in Ecuador from May 30-June 4.

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong, plans to visit a number of the principal trading and industrial centres in Communist China, including Peking, Tientsin, Shanghai and Canton. Tentative dates for his tour are May 12-June 10.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Bucharest, Romania, and Sofia, Bulgaria, from June 20-29, and Prague, Czechoslovakia, from July 11-14.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Budapest, Hungary, from May 16-19, and Belgrade, Zagreb and Ljubljana in Yugoslavia from July 18-29.

W. R. VAN, Commercial Secretary in Dublin, Ireland, will visit Shannon free airport and industrial zone, and Limerick, May 10 and 11.

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan, will visit Seoul, Korea, for about one week beginning May 16.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bailey at Bogotá, Mr. Forsyth-Smith at Hong Kong, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Van at Dublin, and Mr. Woolham at Tokyo.

Bangkok

HENRY WAUGH LIMITED

A typical foreign mercantile house long established in Bangkok.

MF
MASSEY-FERGUSON
S.R.MOTORS CO.LTD.

The Massey-Ferguson sign displayed outside a Thai-run agency.

CANADIAN exporters of a broad range of products are discovering in Thailand an increasingly interesting market. Many found that their shipments in 1959 were larger than in 1958. Others who introduced their products in 1959 are establishing themselves among the Thais with repeat orders.

The make-up of the importing community in Thailand has been changing in recent years. Broadly, it now consists of four types of companies. Among the largest are the foreign mercantile houses; they are, in the main, European and British. Then come several Thai firms that have increased in size to the point where they too offer a variety of services equal to those of foreign firms. The third type is the many small and specialized importers. Finally, because the Government of Thailand through its agencies and organizations is the largest single importer, several firms have sprung up whose principal function is to obtain bids from foreign producers and pass them along to the Thai Government as tenders are issued. In addition, many regular importers

(Right) This picture shows the premises of a Chinese importer who specializes in metals. He operates on a small profit margin and keeps his overhead low. (Opposite page): Many Bangkok importers handle flour only, with perhaps a few complementary products, breaking up shipments into smaller lots and dispatching them up-country. Here bags of flour start on their journey.

nport Houses

B. C. STEERS, *Assistant Trade Commissioner, Singapore.*

have set up departments to deal exclusively with government tender work.

Foreign Mercantile Houses

The foreign mercantile houses were established many years ago; they import and act as commission agents for a large number of overseas manufacturers and producers. Most of them are large and maintain branches in other capitals and business centres in South East Asia. Each house operates under a managing director located in Bangkok, who acts largely independently of his head office in Britain, the United States or Europe, except for broad directives. He may in fact handle lines not carried by his head office or by branches of his company in other territories.

Because of their international affiliations, these companies usually have substantial financial resources. Organized into departments, they carry a wide selection of products —from ketchup to tractors. Orders are broken down and sold to dealers and retailers in Bangkok and up-country.

Foreign manufacturers find these mercantile houses particularly good at selling engineering products and with their financial resources they are able to maintain adequate stocks of spare parts. Their trained European and Thai technicians provide the essential servicing.

Thai Firms

In recent years, several Thai and Chinese firms have developed to the point where they too have the financial and technical resources to compete effectively with the foreign import houses. In several instances, companies of this type have hired European experts to deal with engineering or other technical products. However, first-class Thai and Chinese engineers and technicians with educational qualifications acquired in Britain and the United States are becoming more numerous and are able to fill posts formerly held by Europeans.

Specialized Importers

Several Canadian exporters have been dealing with the small specialized importers in Thailand, with fruitful results. These importers are becoming increasingly important in lines such as hardware, metals, chemicals, some pharmaceuticals and certain foods. Chinese and Thais predominate in this group but some Europeans are successful, particularly with consumer products and chemicals. Many Indians do a lucrative trade in textiles which they bring in from their homeland.

These small importers keep their overhead low and in this sharply competitive market this gives them an important advantage over the big trading firms with large offices and big staffs. They can usually pare their prices below those of the large operators and still make a profit. Wheat flour, for example, a highly competitive product, is now handled almost exclusively by the small importers congregated along Songwad Road and nearby streets in Bangkok. Most of these firms handle few other products and these are complementary. One after another, the large houses have dropped out of this trade or continue to act only as indent agents.

The importing of automotive spare parts and hardware illustrates the trend. Formerly many firms bought their requirements locally from big importers. Now many of them have their own direct connections overseas and import on their own. Usually they maintain a few salesmen to sell up-country and to smaller retailers in the city. In addition, many widen their scope by purchasing locally from other importers. Their overhead is small and mark-ups are kept to a minimum. They look for imported goods with sharply competitive prices.

Importing for the Government

The various Thai Crown companies, government monopolies, departments, agencies and other official organizations buy from time to time substantial quantities of a wide variety of goods. These products—whether they be electric turbines, fire trucks, cellulose film, chemicals, flatware and other consumer goods—are all bought by tender.

Many companies concentrate entirely on tendering to the Government and others have departments to handle this business. Their function is not merely to pass on to the Government bids of foreign traders on tenders issued. Often they are able to point out to appropriate officials the particular advantages of a certain manufacturer's product so that tenders, when issued, will contain a specification embodying these advantages.

The Canadian Trade Commissioner and the Assistant Trade Commissioner in Singapore make regular trips to Thailand to explore outlets for Canadian products. Exporters who feel that their products might find customers in Thailand should write to the Trade Commissioner in Singapore. The material provided with the letter should include a good description of the products, plus brochures. It should be borne in mind, however, that only competitively priced goods stand a chance in Thailand. ●

Japan's Foreign Currency Budget

"Import liberalization" budget is largest ever; reflects anticipated 11.8 per cent increase in mining and manufacturing production in fiscal 1960.

J. L. MUTTER,
Commercial Counsellor, Tokyo.

JAPAN'S import policy for the six months April-September, as evidenced by the foreign exchange budget published last week, indicates that import liberalization is to be substantially expanded. Of the $3,268 million approved by the economic cabinet ministers, $2,624 million, including a reserve of $200 million, has been allocated for imports. This is the largest amount ever provided for imports in a six-month period, and is $700 million and $500 million respectively greater than the amounts for the first and second halves of the previous fiscal year.

The amount earmarked for AA (Automatic Approval) imports is $970 million, compared with $700 million in the second half of fiscal 1959, an increase of nearly 40 per cent. Liberalized imports now account for 40 per cent of total imports compared with 31 per cent in the second half of fiscal 1959. Effective April 1, steel scrap, beef tallow, and lard, previously subject to Fund Allocation when imported from the dollar area, were transferred to the Automatic Approval category. Some 304 items—includ-

TABLE I—ALLOCATIONS

(in thousands of U.S. dollars)

Item	1st half 1960	2nd half 1959	1st half 1959
Foodstuffs	212,462	209,463	192,712
Monopoly goods	10,133	16,342	7,915
Lumber	AA	17,848	17,562
Raw materials for textiles	357,328	450,062	280,408
Fertilizers and raw materials	22,820	19,050	15,350
Coal	55,297	43,125	46,595
Iron and steel raw materials	16,000	114,260	63,661
Non-ferrous metals (incl. ore)	85,000	54,000	39,500
Petroleum	192,098	166,117	140,130
Chemicals and materials	3,327	13,985	13,354
Drugs and medicines	5,054	3,804	3,866
Machinery	300,000	200,000	165,000
Raw materials for processing trade	35,000	37,000	35,000
Barter imports	15,000	20,000	30,000
Military procurement goods	3,000	3,500	3,500
Re-import and additional payment goods	3,000	2,000	3,000
Miscellaneous imports (I)	96,481	62,264	57,657
Miscellaneous imports (II)	12,000	25,000	25,000
Miscellaneous imports (III)	30,000		
Automatic Approval imports (AA items)	970,000	670,000	580,000
Reserves	200,000	200,000	200,000
Total	2,624,000	2,328,000	1,941,000
Invisible imports	644,000	534,930	457,686
Grand Total	3,268,000	2,862,930	2,398,686

TABLE II—PRINCIPAL COMMODITIES—IMPORT VOLUMES

(In thousands of U.S. dollars)

Commodities	Unit	Apr.-Sept. 1960	Oct. '59-March '60	Apr.-Sept. 1959
Rice	1,000 metric tons	106	200	34
Wheat	1,000 " "	1,201	1,046	1,073
Soybeans	1,000 " "	476.5	429	429
Sugar	1,000 " "	550	500	500
Lumber	1,000 cu. m.	AA	780	1,392
Salt	1,000 metric tons	1,390	1,140	970
Raw cotton	1,000 bales	1,372	1,491	1,202
Raw wool	1,000 "	606	882	407
Scrap iron	1,000 metric tons	AA	1,604	1,610
Coking coal	1,000 " "	2,905	2,120	2,075
Heavy oil	1,000 kilo litres	1,480	950	774
Crude oil	1,000 " "	15,141	13,136	10,194

TABLE III—INVISIBLE IMPORTS

(In thousands of U.S. dollars)

Invisible Items	Apr.-Sept. 1960	Apr.-Sept. 1959
Transportation	130,700	130,845
Insurance	100	60
Overseas travel	17,500	9,500
Payments of profits for foreign investments	7,300	2,003
Expenses accompanying trade transactions	47,000	40,020
Payments for foreign technical assistance	4,900	5,000
Other services	35,400	27,101
Gifts	700	450
Long-term capital transactions	42,600	33,752
Short-term capital transactions	400	3,281
Expenses accompanying commodity transactions	2,400	1,704
Current transactions	230,000	210,075
Capital transactions	75,000	55,069
Reserves	50,000	33,470
Grand Total	644,000	552,930

ly coffee beans, nickel ore, 35 mm. film, spices and chemical products, which hitherto have been isted in the Fund Allocation category of imports—have been freed, nd about 250 new items, including hinaware, secondhand clothing and ome sewing machines, are being added to the AA list. A foreign exchange allocation for consumer goods which previously could not be imported has been provided, and the exchange quota for industrial machinery is 50 per cent greater than that of the preceding half-year. The removal of the discrimination against imports of hides and skins from dollar sources has been promised for July.

Table I compares the amounts provided under the various headings in the new budget with those in the two halves of fiscal 1959.

Table II compares the quantities of the more important foodstuffs and raw materials which it is proposed to import during the first half of the new fiscal year with those indicated for the first and second halves of fiscal 1959.

The appropriation of $644 million for invisible trade payments, which is $91,070,000 more than the amount set aside for the first half of the preceding fiscal year, provides $305 million for liberalized payments (items not subject to government sanction), $289 million for planned payments (items subject to government sanction) and reserves of $50 million. The planned payments appropriation includes $17,500,000 for foreign travel by Japanese nationals, nearly double the amount allocated for this purpose a year ago. Table III shows the amounts allocated under the principal headings, compared with those for April-September 1959.

Help for the Business Traveller

The businessman travelling abroad will often find that Canadian Trade Commissioners can do much to make his trip pleasant and profitable provided that they have advance notice of the date of the visitor's arrival, his main interests, and his itinerary. Too often Canadian businessmen fail to take advantage of a Trade Commissioner's help by dropping in on him without warning.

If you are travelling abroad on business and think the Trade Commissioner might assist you, you should give early notice of your trip to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and say whether you would like the Trade Commissioners in the countries you will visit to collect information in advance of your arrival, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation. If you are planning to initiate new business, it may be helpful to forward samples and descriptions of your products so that the Trade Commissioner will have a chance to make a market survey beforehand.

PREFABS: one in ten

G. F. OSBALDESTON, *Vice Consul and Assistant Trade Commissioner, Chicago.*

One out of every ten homes built in the U.S. last year was prefabricated. Canadian lumber exporters should understand and cater to this specialized market.

MANY close observers of home-building in the United States are convinced that a major break-through in housing technology is coming—and that the handicraft methods of the past are giving way to the industrial approach. The speed and extent of this change will affect the demand for lumber and should receive attention from Canadian lumber suppliers.

A recent survey conducted by the National Association of Home Builders gives some idea of how much technology is changing. They found that of the 7,000 builders who responded to a questionnaire, one out of every four is not using the conventional method of construction. He is employing on-site fabrication of major parts, off-site fabrications and conventional, or completely factory-built, units. This new technology is confirmed by the statement of the Home Manufacturers Association that 130,000 of the 1,377,000 housing starts in 1959 represented manufactured homes—a jump of more than 18 per cent over the 110,000 in 1958.

Several factors are involved in this trend; the major one is cost. Ways had to be found to cut costs and the answer appears to be the use of manufactured parts, components, sections, panels, etc.

Builders Turn to Prefabs

Builders cite the following reasons for turning to prefabricated houses:

- *Quality materials*—Brand-name products, high standards of selection, and control of materials by the manufacturer both before and after purchase.
- *Design*—Most manufacturers employ competent architects to design their homes.
- *Savings in time*—Shorter erection time and faster turnover mean greater profit.
- *Precision construction*—A better built home results from accurate engineering, tested house components and factory production methods.
- *Cost control*—The package deal and low overhead make it possible to estimate accurately all material, subcontracting and labour costs.

Prefabrication, although it is accepted by some builders, still faces buyer resistance in some areas. Many builders who use prefabs do not advertise this fact because they feel that the average buyer is not entirely sold on them.

Indianapolis, Indiana, is an example of what can be done in the promotion of prefabs. Three out of every four families who bought a new home there last year bought a manufactured one. In the Indianapolis metropolitan area, one of every two new home-owners during 1959 moved into a prefabricated house. The main reason for Indianapolis's high usage of prefabricated housing is that it is situated in an area that has become the center of the home-manufacturing industry. It is not unlikely that the story of prefabrication in Indianapolis will be repeated in other cities during the coming decade.

Home Manufacturers Surveyed

The National Association of Home Builders made a sample survey of prefabers to determine their plans for 1960. Most of them envisage an increase in their volume of production, a few expect to maintain the same volume as in 1959, and one expects a 15 per cent decrease.

Here is what they reported:

	Production of House Units	
Location of Firm	**1959**	**1960**
Kirkwood, Missouri	170	230
Hamilton, Ohio	1,650	1,650
Lafayette, Indiana	33,000	28,000
Fargo, North Dakota	785	1,000
Robertson, Missouri	650	1,500
Fort Payne, Alabama	2,000	3,000
Richmond, Indiana	900	900
Minneapolis, Minnesota	*$2	*$3½
Tulsa, Oklahoma	300	400
Piqua, Ohio	*$6	*$8-9
Lafayette, Indiana	940	†10

*millions of dollars.
†per cent increase.

The increased use of manufactured homes will affect the sales pattern of Canadian lumber exporters. Keep in mind that one out of every ten homes built in the United States in 1959 was a manufactured home, built in a factory and assembled at the site.

Purchasing the Lumber

The lumber for these homes was not bought from the lumber yard in the neighbourhood where the house was being built, and perhaps not in the same city. Rather, it was purchased by the manufacturer who built the house in the city where his plant is located. The major home manufacturers are not buying their lumber from lumber yards. They are dealing with wholesalers, commission lumber salesmen, brokers or the mill itself.

These manufacturers have become a quality market, demanding and getting the top of the grades. Their reputation and sales programs are based on quality and precision of construction. They guarantee this quality and insist that the lumber meet their specifications. Some of them are large companies with substantial financial backing. They can afford to buy when the market seems right and stockpile the lumber in their own yards. Their inventory can be built and maintained on the basis of their projected production.

These factors apply with greater or less emphasis, depending on the size of the home manufacturer. It is to be expected that the increase in mergers within the industry and the greater use of manufactured homes will make these observations more and more valid as the coming decade unfolds.

Watch Your Distribution

The Canadian exporter of lumber should assure himself that his U.S. outlets are covering the home manufacturers in their areas. He may find it essential to alter his distribution system to fit this relatively new and important buyer into the sales picture. ●

India's New Oil Policy

INDIA'S invitation to foreign companies late last year to participate in the exploitation of its oil resources may open up new possibilities for Canadian suppliers of equipment and services. The country's search for oil should quicken in the near future, if the reopening of the field to private capital gets results.

Conditions governing the entry of foreign exploration firms are set out in *The Petroleum and Natural Gas Rules, 1959*. The new government regulations call for agreements to be negotiated, each on its own merits, between the Central Government and interested foreign firms. On the basis of the agreement, the Government of the Indian State concerned may issue exploration licences and production leases. A licence will grant exclusive exploration rights over an area of up to 3,000 square miles and will ordinarily be valid for four years, with two renewals of one year each. If a company's exploration is successful, it may take out a production lease for up to 100 square miles. The term of such a lease will ordinarily be 20 years.

Foreign companies were given until January 31 to indicate their interest to the Ministry of Steel, Mines and Fuel (Department of Mines and Fuel) of the Central Government. Latest word from the Ministry is that a number of applications were received.

It is expected that the entire country will be opened to private exploration, except for areas in which government parties are themselves already active: Cambay in Western India, Sibsagar in Assam, and Jawalamukhi and Hoshiarpur in the Punjab. India possesses 400,000 square miles of potential oil-bearing sedimentary formations of which, except in the areas just mentioned, those underlying the Gangetic Plain in North India are generally considered to be the most promising.

There is a pressing need for a more intensive search for oil. Consumption, which totalled two million tons in 1947, is now running at about six million tons a year and, according to official estimates, will shoot up to at least 14 million by 1966, the end of the Third Five Year Plan. The import bill for all this oil comes to about U.S.$200 million a year, a substantial proportion of India's foreign purchases, which totalled U.S.$1.8 billion in 1958. Unless oil in considerable quantity is found, this drain will increase rapidly and seriously handicap India's industrial development program—in which lack of foreign exchange is already the gravest limiting factor.

Oil has been produced in India since the end of the nineteenth century, though output has always been small, about half-a-million tons a year, all from one field in Assam State. Development of new fields now in progress in the same area is expected to step up annual production to four million tons by 1966. This leaves a shortfall of ten million tons to be made up elsewhere, through the Government's own efforts and those of private capital.

Canadian investors, engineering firms, and exporters of oilfield machinery, equipment and supplies who are interested in following the new developments in India should write to the Commercial Counsellor, Office of the High Commissioner for Canada, P.O. Box No. 11, New Delhi 1, or to the Canadian Government Trade Commissioner, P.O. Box 886, Bombay 1, India.

—J. R. MIDWINTER,
Assistant Commercial Secretary, New Delhi.

CANADIAN PROCESSED FOOD

Hundreds show their interest in Canadian foods at London's Ideal Home Exhibition.

Have You Tried the Trade-Fair Technique?

An exhibit at a foreign fair may provide you with the showcase that your products need.

GEORGE HAZEN, *Trade Fairs Abroad Division, Trade Publicity Branch.*

MANY companies attempting to increase their foreign sales in the months ahead are casting about for effective promotion methods. One of these—one that they may be overlooking—is exhibiting at a trade fair.

A trade fair offers to the exhibitor a sample showroom open to a great number of people, both importers and consumers. They make up a concentrated and cosmopolitan buying public—one predisposed to seek new and different products. The sponsor can use his display in different ways to attract their attention. It can:

- Introduce a new line of products to a market or additional products in an established line.
- Stimulate interest in lines already established, extend distribution, and back up the activities of an agent.
- Attract the attention of the consuming public to the products on display.

Before Making the Decision

Participation in a trade fair should be the focal point of a carefully planned sales campaign, not an isolated incident. The fair is a useful tool—but only if the exporter has done sufficient groundwork in advance and is prepared to pursue the leads that it opens up.

Preliminary investigation of the market is basic. Nothing is to be gained by showing bicycles in the Netherlands only to find that they are made there at half the price and of the same or better quality. Without a doubt, the most effective way to size up a market is to visit it personally, talking to local businessmen, learning about government regulations, becoming acquainted with the banking system, and generally getting the "feel" of the market. Often insufficient time or resources make this approach impossible; another means of doing the same thing must be sought. At this point, the Department of Trade and Commerce can provide valuable assistance. Canadian Trade Commissioners throughout the world stand ready to investigate markets for any Canadian firm; they need only be armed with a catalogue illustrating the product and with appropriate price information.

When the exporter has decided that there is a market for his product and that exhibiting at a trade fair will help him capture or extend that market, he is ready to take the four steps in trade-fair participation. These are:

1. establish the purpose of exhibiting.
2. select the appropriate trade fair.
3. stage an exhibit.
4. follow up inquiries.

Step one, establishing the purpose of participation, requires some thought. Is it the introduction of a product to a market, or the expansion of a selling operation, or perhaps the stimulation of public interest? When the objective is clear, the best tool for the job can be chosen.

Selecting the Fair

There are many kinds of trade fairs and some are better suited to the job in hand than others. Fairs are conveniently classified as follows:

general trade fairs
specialized trade shows
solo fairs
samples displays

General trade fairs encompass a wide range of products and usually segregate exhibits into appropriate product classifications. Some also include national exhibits housed in a "Hall of Nations" or in separate pavilions. Fairs that group products by industry usually do a better selling job than national exhibits, because those who visit a particular grouping are preselected to some degree.

Specialized trade shows are becoming increasingly popular. They are superior to general fairs as vehicles for sales promotion, as long as the primary purpose is not to create interest among consumers. (Attendance is usually restricted to the trade.)

Solo fairs are the answer in many markets that have no established fairs suitable for trade promotion. Because of this, many countries (Canada included) have organized special trade displays that usually cover a wide variety of products. As a rule, visitors are drawn from both the trade and the public and an attempt may be made to supplement product displays with information exhibits and entertainment.

Samples displays are a junior edition of a solo show and may be staged by a government or by a group of businessmen. Modest cost is the main advantage of this type. It is most suitable for a specialized group of products because this eases the problem of attracting the right kind of trade audience.

Staging the Exhibit

An exhibit can take many forms. Some products, such as machinery or readily identifiable consumer goods, require little more than the bare booth—the product speaks for itself. Other goods may require various degrees of window-dressing. But whatever the extent of decoration for the stand, the quality of display work should be as high as possible to stand up against other exhibits. Care taken over the details of an exhibit will impress a prospective agent or distributor favourably, as well as the public.

Many devices can provide background for a product—display panels, graphic explanatory material, phototransparencies, moving display fixtures. Others can give the visitor a more lasting impression of the exhibit—souvenirs and handout literature. Most important of all is the use of some moving "gimmick". This will repay its cost many times over because of the number of extra visitors it will attract to the exhibit.

Mention of these items (some of which can be expensive) brings the important subject of cost to an exporter's mind. Many things contribute to the expense of exhibiting in a fair. Not all of them are obvious but all must be considered and balanced against the cost of other types of sales promotion. Some factors are: space rental, stand design and construction, display fixtures and furniture, advertising and publicity, transportation of samples and of the exhibit (if it is not built abroad), and so on. One of the largest outlays is to cover the attendance of executives from Canada and staffing of the stand by specially hired personnel and local representatives.

Although the cost may seem heavy at first glance, it should be compared with that of other forms of sales promotion, using the "number of potential buyers contacted" as a basis. The concentrated audience at a trade fair makes the unit cost very small.

Putting It to Work

In operating an exhibit, there are certain fundamentals. The first is that the exhibit must be manned. Sales opportunities may be greater for the product that is not displayed at all than for the one displayed in a "dead" exhibit. An unmanned exhibit is usually a waste of time and money. Participation is most effective when the exporter himself or his agent mans the exhibit.

A second rule is that the prompt and efficient handling of trade inquiries must receive scrupulous attention. Frequently a query cannot be acted upon until the end of a fair, but an interim acknowledgment will show interest on the part of the exhibitor. A well designed trade-inquiry form, showing what action has been taken and what remains to be done, is essential.

Manning a trade fair exhibit can be fatiguing, especially for those not accustomed to spending long hours on their feet. At the same time, it is important to present to visitors a fresh, eager, interested appearance. Hence, sufficient manpower should be used to avoid having indifferent attendants who reduce the effectiveness of the exhibit.

In addition to using an exhibit to promote sales, an exporter has an excellent opportunity to see what his competitors are doing. What kind of goods are they selling? At what prices? What special sales gimmicks are they using? What technical improvements have they developed?

Consolidating the Gains

Some exhibitors are inclined to relax at the conclusion of a fair and reflect upon their success. But what is the use of going to the trouble of getting the feel of the market or of spending money on a first class exhibit unless sales leads are followed up?

It is obviously an advantage to have an agent on the spot who can represent the exporter personally. Whether it is an agent or his principal, however, a key part of the follow-up is prompt attention to correspondence, preferably in the same language as the inquiry. Lack of an agent need not preclude pursuit of sales opportunities: Canadian Trade Commissioners are equipped to do this on behalf of exporters. But it must be remembered that they cannot sell goods—they can only put the exporter in touch with prospective agents and importers.

The Department Can Help

The Department of Trade and Commerce both in Ottawa and abroad can help exporters who are interested in using the trade-fair technique. It maintains at head office directories of the important general trade fairs and specialized trade shows. Detailed information on some of these fairs is already on hand and can be obtained for others. Canadian Trade Commissioners abroad can help by assessing market potential for products or by putting the exporter in touch with the appropriate authorities.

Many companies that wish to use an exhibit for sales promotion do not have the resources in either money or staff to do so. Such firms may wish to take advantage of the annual program of trade-fair exhibits sponsored by the Department.

Each year Trade and Commerce sponsors exhibits in a number of foreign fairs in promising markets. Where there is no suitable fair, a solo show or samples display may be organized (these techniques have already been used successfully). Many of these exhibits are on a cost-sharing basis, enabling the exporter to have an active part in the promotion. For a list of fairs in which the Department will sponsor exhibits in 1960, see page 19 of *Foreign Trade* for February 13, 1960.

Companies that have used the trade-fair technique to market their products or services abroad can testify to the rewards that this type of sales promotion brings. Other Canadian firms interested in increasing their foreign sales should write to the Trade Publicity Branch, Department of Trade and Commerce, Ottawa. ●

Trade Offices Opened in Moscow and Glasgow

WILLIAM J. VAN VLIET has been appointed Commercial Counsellor at the Canadian Embassy in Moscow. Opening of this new trade office followed the signing on April 18 of a protocol renewing for three years the trade agreement between Canada and the U.S.S.R. Mr. Van Vliet was with the Canadian delegation which negotiated this renewal of the 1956 agreement in Moscow. Mail can be addressed to Mr. Van Vliet at the Canadian Embassy, 23 Starokonyushenny Pereulak, Moscow. Telephone: 415142. Cable: CANAD.

Mr. Van Vliet joined the Trade Commissioner Service as an agricultural specialist in 1949 and the following year was posted as agricultural adviser to the Canadian Mission to OEEC in Paris. In 1951 he was transferred to Copenhagen, Denmark, as Acting Agricultural Secretary, and subsequently to Bonn, West Germany, and to Berne, Switzerland, as Commercial Secretary. In 1956 he returned to Ottawa to take over the position of Chief of the Grain Division, following which he undertook temporary duty at the posts in Guatemala City; Vienna, Austria; Tehran, Iran; and Athens, Greece.

PAUL V. McLANE has been appointed Canadian Government Trade Commissioner in charge of the new trade office in Glasgow. The Department's decision to open a fourth office in the United Kingdom (the others are in London, Liverpool and Belfast) reflects the improved prospects for Canadian trade that have resulted from Britain's progressive liberalization of imports. The mail address for this office is Cornhill House, 144 West George Street, Glasgow, C.2. Telephone: Douglas 6751. Cable: CANTRACOM.

Mr. McLane joined the Trade Commissioner Service in 1928 and was posted to Kobe, Japan, in 1929 as Assistant Trade Commissioner. In 1939 he was transferred to Hong Kong as Trade Commissioner and in 1942 was brought back to Ottawa and appointed Chief of the Import Section, Shipping Priorities Committee. His next posting was to Auckland, New Zealand, in 1945; the following year he moved to Wellington as Commercial Secretary. Subsequent postings took Mr. McLane to Port-of-Spain, Trinidad, in 1953, as Trade Commissioner; to Vancouver in 1955 as the Department's Western Representative, and to Athens in 1958 as Commercial Counsellor.

Import and Exchange Regulations in West Africa

Following is a summary of the import and foreign exchange control regulations in effect in West African countries.

ANGOLA

IMPORTS into Angola are subject to import licensing. The import permit carries with it the right to the necessary foreign exchange. All foreign exchange is allocated from Lisbon and is made available only for imports authorized by the Government. In general, preference is given to imports from Portugal and Portuguese Overseas Provinces. Otherwise import requests are considered on their merit or essentiality to the economy of the territory. A general tax known as the Development Tax, which amounts to 2½ per cent ad valorem, is levied on imports. In special cases, however (such as imported wheat and wheat flour during the calendar year 1960) all customs charges except for payment of the Fiscal Clearance Stamp are waived. The Government also maintains a system of price controls and subsidies covering certain consumer goods. Export and export currency controls are also in force.

BELGIAN CONGO

With certain exceptions, prior import licences are required for goods imported into the Belgian Congo from Canada and other countries, but not from Belgium-Luxembourg. For the most part, shipments of goods of any origin not exceeding a c.i.f. value of 10,000 Belgian francs are exempt from licensing. Import licences in the Congo carry the right to foreign exchange necessary for payment, and customarily are granted freely.

FRANCO-AFRICAN COMMUNITY

The four Republics previously known as French Equatorial Africa have formed a Customs Union. Precisely what the effect will be on their tariffs and import restrictions is not yet known. Currently, as in the past, all imports into these territories are subject to import and exchange controls, including licensing requirements. Normally licences are not available for imports from the dollar area. However, a prior allocation of the necessary foreign exchange may be requested from Paris by territories wishing to import dollar goods under special circumstances.

GAMBIA

A wide range of goods including certain food products, crude materials, mineral fuels, lubricants and related materials, chemicals, machinery and transport equipment, and manufactured goods may be freely imported into Gambia from the dollar area.

GHANA

Effective March 19, 1960, the Government of Ghana liberalized controls on the import from the dollar area of all goods except arms, ammunition, explosives, gold, cinematographic films, petroleum products, and manufactured and unmanufactured tobacco. All goods from Canada except those specified may now enter Ghana without import trade control licences.

LIBERIA

No exchange control and no import control for exchange purposes are in effect in Liberia. Exchange may be purchased freely and an import permit is required only for firearms, ammunition, and certain medicines. Imports of used clothing are restricted by licence. Purchases of the great majority of accounts are financed either on the basis of sight dollar drafts or letters of credit.

NIGERIA

Effective February 1, 1960, the Government of the Federation of Nigeria liberalized controls on imports from the dollar area of all goods except sugar, coal, petroleum products, gold and gold products, and used clothing. All goods from Canada except those specified may now enter Nigeria without import trade control licences.

SIERRA LEONE

Specific import licences are required only for a very few goods from Canada such as medicine and pharmaceutical products, gunpowder, ammunition and small arms. All other goods can be freely imported under Open General Licence and dollar exchange is available. With the exception of the few goods requiring specific licences for import from the dollar area, there is no discrimination against dollar goods. ●

Ethiopia, with aid from FAO, has been training its people in better methods of producing, processing and marketing its agricultural products. The process literally begins at the grass roots: here the Ethiopian assistant to FAO's expert on small farm implements shows how to sharpen a scythe properly.

—UN Photo.

Ethiopia's Economy Improves

Slump in coffee exports weakened foreign exchange reserves, but measures taken are proving effective. Market small, but low-priced Canadian consumer goods should find a place.

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

ETHIOPIA'S economy depends heavily upon the production and sale of one commodity—coffee. The over-supply of and depressed prices for coffee in world markets about mid-1958 brought a slump in Ethiopian coffee exports and a drop in her foreign exchange reserves. The reserves had increased steadily since 1945 and at first the downtrend was not taken seriously. It was not until August 31, 1959, that the State Bank issued regulations to the effect that import licences for a large number of specified products would not be issued unless deposits covering the full value of the goods were made at the time the licences were issued. A month later it was announced that the State Bank would cease to grant foreign exchange for the import of a number of luxuries and products made locally in sufficient quantities.

New Import Regulations

These regulations were repealed and new ones brought into force on February 13, 1960. The prohibited list was cancelled and the prior deposit system intensified. For a number of non-essential and luxury goods—including motor vehicles, alcohol, beer, boots and shoes, cotton yarn, flax, hemp, silk and jute manufactures, sugar canned foods, cosmestics, radios cameras, watches, etc.—the importer must now deposit 125 per cent or in some cases 150 per cent of the value at the time the licence is issued.

The new regulations have a more restrictive effect than the old ones because of the requirement that the extra 25 or 50 per cent must remain on deposit until the goods actually arrive in the country. The first 100 per cent could, and still can, be used by importers much sooner. Because profit margins for some commodities are limited by law, the extra cost of importing these goods is not likely to raise prices but it will reduce profits. For other items not limited in this way, prices will rise. The aim of the authorities is, of course, to reduce imports and husband foreign exchange reserves.

Situation Improving

These moves, plus increased exports, have produced the desired effect. During the fourth quarter of 1959, at a time when foreign exchange reserves usually decline, they showed remarkable stability. On the export side, oilseeds and pulses had a record year in 1959 and hides and skins earned two to three times as much as in previous years. Even coffee exports, although they did not approach the high figures of 1957, were more than satisfactory—73 per cent above 1958 and more than double 1956. Much of the credit for this improvement goes to the Ethiopian Coffee Board, which has enforced strict grading regulations and thus improved standards of quality.

Surprisingly, the prior deposit system has not yet cut imports because of the time lag between the opening of credits and the actual arrival of imports. The effect is expected to be felt this year.

CANADIAN EXPORTS TO ETHIOPIA

	1957	1958	1959
	(in Can. dollars)		
Autos and parts	62,894	40,743	37,184
Engines and agricultural machinery	21,766	20,162	6,224
Whisky and gin	20,863	10,322	20,709
Paper and printed material	6,227	1,769	1,840
Scientific apparatus	1,493		
Clothing	726	625	250
Chemicals	198	821	3,007
Domestic appliances	57		542
Canned food	97	112	355
Medicinal preparations			72
Other	2,238	1,246	1,329
Total	116,559	75,800	71,512

CANADIAN IMPORTS FROM ETHIOPIA

	1957	1958	1959
	(in Can. dollars)		
Coffee, green	58,948	6,797	27,512
Agricultural products	1,574		938
Animals, living		10,654	12,966
Furskins, dressed			2,123
Total	60,522	17,451	43,539

Credits and loans to Ethiopia from several sources have also helped to reduce the drain on exchange reserves. Ethiopia has received a credit equivalent to $10 million from Czechoslovakia for investment in industry, mining, agriculture and transportation and one for an unspecified amount from Russia. West Germany has offered a credit of DM50 million in addition to a DM30 million credit granted a year ago for social and industrial development. The U.S. Development Loan Fund has lent money for a cotton-weaving mill and gifts of wheat have been received from the United States and Russia.

Industrial development is also proceeding. A new power project near Addis Ababa, built under Italian reparations, has been opened and another textile mill, also to be paid for by reparations, will be built on the shore of Lake Tana. A plywood factory at Addis Ababa represents a third Italian project. Ethiopian Air Lines has installed an engine overhaul base at a cost of E.$2.25 million and the Indo-Ethiopian Textile Co. has begun production. A second sugar refinery is planned near the present one sponsored by Dutch interests, and the port of Assab on the Red Sea is nearing completion.

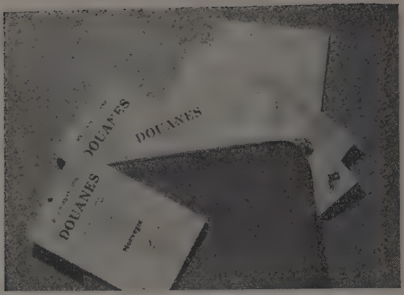
Trade with Canada

Canadian trade with Ethiopia continues to be small and few Canadian products have established themselves in this market. Apart from the present emphasis on cutting down imports to conserve foreign exchange—a situation which is likely to improve within a year—there is scope for developing sales of Canadian consumer goods of the type that appeal to a population with low purchasing power. This assumes, of course, that prices (including the long freight haul) are competitive.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.



Trade and Tariff Regulations

Canada-U.S.S.R. Trade Agreement Signed

THE Honorable Gordon Churchill, Minister of Trade and Commerce, announced in the House of Commons on April 25, 1960, that he had signed a Trade Agreement with the Union of Soviet Socialist Republics in Moscow on April 18. The documents which were signed are a Protocol and an exchange of letters. The following outline of the Agreement is based on Mr. Churchill's announcement.

The Protocol renews for a three-year period the Trade Agreement between Canada and the U.S.S.R. of February 29, 1956, as well as the understanding set out in the letters which the two Parties exchanged at that time concerning the right of the Canadian Government to fix under the Canadian Customs Act values of goods for ordinary and special duty.

The Protocol also provides that each of the Governments will give sympathetic consideration to any representations which the other Government may make concerning the implementation of the renewed Agreement and with regard to other matters which may affect their commercial relations. In the 1956 Agreement, this consultation clause related only to matters arising from the implementation of the Agreement. The Protocol thus enlarges the scope for representations. Should the necessity arise, this would make it possible for Canada, for example, to take up with the Government of the U.S.S.R. any particular problems which may be encountered in respect of the sale in world markets of Soviet products in which Canada has a substantial export interest.

The Protocol is in force provisionally from the date of signature. It is to be ratified as soon as possible, and will enter into force definitively on the date of exchange of instruments of ratification, which is to take place in Ottawa. Mr. Churchill indicated that Parliamentary approval will be sought at an early opportunity.

Under the 1956 Agreement, as now extended, Canada and the Soviet Union exchange most-favoured-nation treatment with respect to customs duties and related matters. Each of the two countries on a reciprocal basis accords non-discriminatory treatment in its seaports to merchant ships of the other country. Either Government may, however, apply prohibitions or restrictions of any kind directed to the protection of its essential security interests. Canadian export controls are therefore not affected.

The letters which Mr. Churchill exchanged with the Soviet Minister of Foreign Trade, Mr. N. S. Patolichev, provide that, in each year of the renewed Agreement, the Soviet foreign trade organizations will purchase Canadian goods up to a total value of $25 million Canadian, including not less than 200,000 metric tons of Canadian wheat, provided the total annual value of Canadian purchases from the U.S.S.R. is not less than $12½ million Canadian. Should the total value of Canadian purchases from the U.S.S.R. be less than $12½ million Canadian in any one year, the Soviet undertaking to purchase from Canada would be reduced and would be determined on a 2:1 basis: that is, the Soviet Union would purchase twice as much from Canada as Canada imported from the Soviet Union. Wheat will constitute not less than half the value of such annual Soviet purchases. It will be noted that no commitment to purchase Soviet goods has been made by the Canadian Government.

The letters also provide that the authorities of the two countries will meet at least once a year alternately in Ottawa and Moscow to consult concerning the implementation of the Agreement and any other matters affecting Soviet-Canadian trade relations.

In addition, the letters set forth an understanding that, as a measure towards attaining the mutual objective of an expansion of trade, the two Governments will facilitate visits for business purposes between the two countries.

Mr. Churchill stated that it is the hope of both countries that trade will flow reasonably regularly in each year of the Agreement. Both sides are aiming to diversify as well as to expand trade. The annual consultations envisaged in the letters will provide the occasion for an exchange of views with respect to the operation of the Agreement. They should also prove of value in building up greater understanding between the two countries on trade matters.

The Minister of Trade and Commerce expressed his hope that within the framework of the renewed Agreement and in pursuance of the undertakings in the letters which have been exchanged, there will be a mutually advantageous growth in trade between the two countries. As in trade with other countries, the level of our purchases will be determined by the commercial decisions of Canadian importers. The actual growth in trade and the nature of the goods to be exchanged thus will depend mainly on the decisions of the businessmen and business organizations of the two countries. The Canadian market is highly competitive and it will be necessary for the Soviet export authorities to understand our requirements if they are to sell successfully in Canada. Similarly, it will be important for Canadian exporters to make known to the Soviet import organizations the products and goods which they are in a position to supply on competitive terms. In general, there will be a need for much closer contact between the traders of the two countries than has been the case in the past.

Further information about the new Canada-U.S.S.R. Trade Agreement may be obtained from the International Trade Relations Branch of the Department of Trade and Commerce.

Denmark

IMPORT LIBERALIZATION—As of March 1, 1960, the Danish Government has extended the list of commodities which no longer are subject to import licence requirements. The main groups recently freed are:

Fish and shellfish for canning
Tinned pineapples, tinned citrus fruits, tinned apricots and tinned peaches
Linseed oil
Tinned fish products
Tinned soups
Beer and mineral waters
Tobacco goods
Cement
Superphosphate
Paints and lacquers
Perfumes, soap and cosmetics
Candles

Sensitive paper and film
Plastic material and plastic goods
Leather and leather goods (but not footwear)
Veneers
Laminated wood and finished wood products
Paper and paper products
Printed matter
Textiles
Porcelain, earthenware and glassware
Bijouterie
Iron and metal goods

Machines and apparatus
Installation material
Radio and TV material
Vehicle and aircraft
Instruments and apparatus
Musical instruments
Toys and sporting goods
Furniture
Fountain pens, pencils, and other office articles

Further details on individual items may be obtained upon application to the International Trade Relations Branch, or the Commercial Counsellor, Canadian Embassy, Copenhagen.

France

ADDITIONAL DOLLAR IMPORTS LIBERALIZED—Effective April 5, 1960, the Government of France announced another step in the removal of certain import restrictions on a variety of products. The new liberalization further reduces differentiation in treatment accorded to imports from the dollar area and to those from Western European countries. Among the products freed from the dollar area the following appear to be of interest to Canadian exporters:

Certain types of alloy steel
Accounting machines
All types of taps, cocks, valves and similar appliances
Photographic image projectors, enlarger and reducers (other than cinematographic)
Instruments and appliances used in geophysics
Record players and automatic record changers
Picture postcards, Christmas and other picture greeting cards
Reconstituted wood, being wood shavings, wood chips, sawdust, wood flour or other ligneous waste agglomerated into natural or artificial resins or other organic binding substances in sheets, blocks or the like
Exposed and developed plates and film, negative or positive
Copolymers of vinyl esters and of acrylic or methacrylic acid
Natural barium sulphate, crushed or pulverized
Silicon with an SI content of more than 99.9 per cent
Aromatic cyclic alcohols
Ethers, ether-alcohols, ether-phenols and similar products
Ketones, except aromatic ketones
Certain acids and their salts and esters.

Details regarding the status of individual products may be obtained from the European Division of the International Trade Relations Branch.

Iraq

IMPORT PROGRAM FOR 1960—The Government of Iraq recently announced its import program for the calendar year 1960. Under the program all goods are divided into one of three categories:

1. Goods for which import licences will be granted under limited allocations.
2. Goods which are prohibited and for which licences will not be delivered.
3. Goods which are not subject to quota and for which import licences will be granted throughout the year.

For the first category, the amounts of the allocations have not been published. The import licensing program for 1960, as in 1959, does not differentiate between the hard and soft currency areas as sources of imports.

The complete schedule of commodities affected by Iraq's 1960 import control program may be obtained from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Jamaica

IMPORTS OF FOOTWEAR—The Jamaican Trade Board advised importers on April 7th that it is prepared to grant permits, outside the quota, for the following types of footwear during 1960:

Infant's footwear (up to infant size 6)
Slippers with soles of chrome or split leather, and of fabric or felt
Slippers with soles and uppers of foam rubber
Slippers of felt uppers with leather soles
Slippers with felt uppers and sponge soles (men's)
Slippers with uppers of fabric towelling and sponge soles
Rubber water boots
Rubber or plastic overshoes
Ballet shoes
Athletic footwear (except tennis shoes)

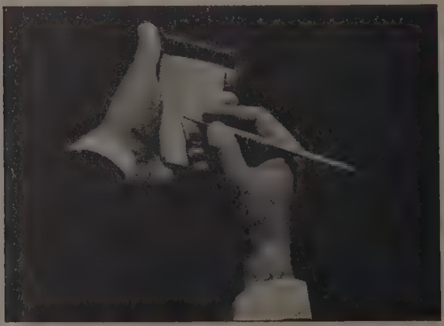
Each application for an import permit should be accompanied by an exact sample pair of the footwear described therein.

Spain

FURTHER IMPORTS LIBERALIZED—Following the first list of liberalized imports (see *Foreign Trade* of August 15, 1959), a second list of liberalized products was published in the *Official Gazette* of April 1, 1960. This liberalization applies equally to Canada, Western Europe, the United States and certain other countries. The items of possible interest to Canada are listed below and the International Trade Relations Branch will be pleased to supply information on specific products.

Codfish
Insulin and poliomyelitis vaccine
Calcined alumina
Cattle hides
Casein for industrial use
Mineral waxes
Raw materials for plastics
Chemical raw materials for the photographic industry
Artificial pigments
Chemicals for industrial use
Spare parts for tractors

Importers may file import declarations with the Registrar of the Ministry of Commerce in Madrid from May 1, 1960, on—Madrid.



General Notes

Cuba

NEW FOOD INDUSTRIES—The National Association of Food Importers has announced plans to establish a $5 million flour mill (Cuba's third) in Las Villas Province, a factory in Camagüey Province for condensed and evaporated milk and dairy products, a soap factory, a fish cannery, and a plant to produce canned fruits, vegetables and juices. Capital will be raised by a public sale of stock. It is hoped that eventually the new industries will mean an annual saving of $20 million in foreign exchange—Havana.

Communist China

REGISTERED MAIL—Effective January 4, 1960, the Hong Kong Post Office accepts letters and packets for registration to all destinations in Communist China. According to the customs regulations for control of personal postal packets sent to or from Hong Kong, an addressee is exempt from applying for an import licence for goods sent from Hong Kong, provided the quantity is within rational limits for personal use and that variety and quantity meet the requirements set forth in the table of quantitative limitations. The addressee must also submit to the Chinese Customs the required certificates and pay customs duty or the consolidated business tax, according to the regulations—Hong Kong.

Ghana

BROADCASTING PROJECT—Marconi Wireless Telegraph Company Limited of Britain has won the tender for Ghana's external broadcasting project. The Government of Ghana has announced that work will begin immediately and will be completed early in 1961. The system will enable Ghana to broadcast not only in Africa but throughout the world.

A team of Canadian technical advisers visited Ghana in the spring of 1958 and submitted a report to the Government. As a result of this report, the Ghanaian Government made provision for £931,400 in its development estimates. However, the cost of the project has now been cut to an estimated £708,209—Accra.

Pakistan

DECIMAL COINAGE—On March 2, the Presidential Cabinet decided to introduce decimal coinage in Pakistan effective January 1, 1961. The metric system of weights and measures will also be introduced as soon as possible after that date—Karachi.

AID-FINANCED IMPORTS—Pakistan is ready to buy some $56 million worth of imports, using U.S. Defence Support Aid funds. Most of the goods will be manufactures needed by its key industries. Purchases may be made anywhere in the non-Communist world. Included in the import funds are $20.5 million for iron, steel, copper and nickel metals and metal products; $10.5 million for industrial and office machines; $8 million for medicinal products; $5.5 million for chemicals; $3 million for aircraft parts and accessories; $2.1 million for wool wastes and tops, and smaller amounts for other goods—Karachi.

Peru

TELEPHONE EXPANSION—The Compañía Nacional de Teléfonos del Perú, which handles all long-distance Peruvian telephone service, is at present studying an expansion program. According to the proposal, the Peruvian firm would invest U.S.$13 million which it has received as a credit from a Swiss company—Lima.

Philippines

FISHERIES RESEARCH—The Philippines Bureau of Fisheries has acquired from Japan through war reparations a fishing vessel designed for oceanographic and biological research, demonstration and fisheries training. It is a 100-gross-ton, steel-hulled ship equipped with electronic devices such as a fish-finder, direction-finder and radar. Modern gear includes multiple winches for purse seining, deep-sea trawling, tuna long-line fishing, and gillnetting; equipment also includes a Japanese stick-held dip net (bouke-ami).

The vessel will explore chiefly the deeper waters far from shore with a view to widening the Philippine fishing frontier and protecting the shallow coastal and fishing areas from over-fishing. A number of fishermen from private firms will be trained in deep-sea fishing to help develop the fisheries and increase production to meet the needs of the expanding population—now about 24 million and increasing by about 3 per cent a year—Manila.

Spain

OIL PROSPECTING IN SAHARA—The new Spanish petroleum legislation, providing for the division of the Spanish Sahara into 108 sections or lots, each with an area of about 250,000 hectares, is attracting foreign capital, and 21 foreign companies or groups of companies have already applied for permission to prospect for oil. Thirty-five lots have been allocated, each one occupied by several companies, with the exception of one that has been allotted solely to the Caltex Company.

The foreign companies include such important groups as Gulf, Pan American, Union Oil of California, Sun, Richfield Cities Service, Tidewater, and Sohio, working in association with Spanish groups, banks etc. For example, Pan American has joined the government-controlled INI (Instituto Nacional de Industria) on a 50 per cent basis; Richfield Cities Service has joined CAMPSA on a 20 per cent basis (CAMPSA is a government-controlled petroleum monopoly in Spain) and the Banco Espanol de Credito, 50 per cent; Union Oil 30 per cent and Sun 25 per cent with Iberica de Petroleos; Gulf with Cepsa 50 per cent; Tidewater and Sohio with Banco Urqujo 5 to 20 per cent. The INI is also working closely with two other U.S. companies and with French interests. It is expected that some $15 million will be invested in the Spanish Sahara every year in oil-prospecting ventures—Madrid.

Trade Commissioner on Tour

B. C. BUTLER, Minister (Commercial) in London, England, is undertaking a tour in Canada. His itinerary is:

Calgary—May 9-10
Edmonton—May 11
Regina—May 12
Winnipeg—May 13-18
Toronto—May 19-June 1
Hamilton—June 2-3
St. Catharines, Welland—June 6
Brantford—June 7
London—June 8
Windsor—June 9
Sarnia—June 10
Kitchener—June 13
Montreal—June 15-30
Ottawa—July 4-15

Businessmen who wish to see Mr. Butler should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.036605.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent April 25	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01164	85.91	(1)
Austria	Schilling		.03714	26.92	
Australia	Pound		2.1684	.4612	
Bahamas	Pound		2.7105	.3689	
Belgium, Belgian Congo and Luxembourg	Franc		.01936	51.65	
Bermuda	Pound		2.7105	.3689	
Bolivia	Boliviano	Free	.00008444	11,842.73	
British Guiana	Dollar		.5647	1.77	
British Honduras	Dollar		.6776	1.47	
Brazil	Cruzeiro	General Category*	.003979	251.29	*Mar. 29 (2)
		Special Category	.001805	553.98	
		Official selling	.05099	19.61	(3)
Burma	Kyat		.2026	4.93	
Ceylon	Rupee		.2033	4.92	
Chile	Escudo	Free	.9170	1.0905	(4)
Colombia	Peso	Certificate	.1440	6.94	
Costa Rica	Colon	Official	.1718	5.82	
		Controlled free	.1451	6.89	
Cuba	Peso		.9647	1.0366	tax 2%
Czechoslovakia	Koruna		.1340	7.46	
Denmark	Krone		.1400	7.14	
Dominican Republic	Peso		.9647	1.0366	
Ecuador	Sucre	Official	.06432	15.55	
		Free	.05641	17.73	
Egyptian Region, United Arab Rep.	Pound	Official	2.7702	.3610	
		Export account selling	2.4450	.4090	
El Salvador	Colon		.3859	2.59	
Fiji	Pound		2.4441	.4091	
Finland	Markka		.003015	331.67	
France, Monaco, etc.	New Franc		.1967	5.08	(5)
French colonies	Franc		.003934	254.19	(6)
French Pacific	Franc		.01082	92.42	(7)
Germany	D Mark		.2314	4.32	
Ghana	Pound		2.7105	.3689	
Greece	Drachma		.03215	31.10	
Guatemala	Quetzal		.9647	1.0366	
Haiti	Gourde		.1929	5.18	
Honduras	Lempira		.4823	2.07	
Hong Kong	Dollar	Free*	.1675	5.97	*April 14
		Official	.1694	5.90	
Iceland	Krona	Official	.02539	39.38	(8)
India	Rupee		.2033	4.92	
Indonesia	Rupiah	Official rate	.02144	46.65	(8)
Iran	Rial		.01273	78.52	
Iraq	Dinar		2.7011	.3702	

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*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent April 25	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7105	.3689	
Israel	Pound		.5359	1.87	
Italy	Lira		.001555	643.09	
Japan	Yen		.002680	373.13	
Lebanon	Pound	Free	.3030	3.30	
Mexico	Peso		.07718	12.96	
Netherlands	Florin		.2559	3.91	
Netherlands Antilles	Florin		.5156	1.94	
New Zealand	Pound		2.7105	.3689	
Nicaragua	Cordoba	Effective buying	.1462	6.84	
		Official selling	.1368	7.31	
Norway	Krone		.1354	7.38	
Pakistan	Rupee		.2033	4.92	
Panama	Balboa		.9647	1.0366	
Paraguay	Guarani	Official	.007907	126.47	
Peru	Sol	Certificate	.03476	28.77	
Philippines	Peso		.4823	2.07	
Portugal & Colonies	Escudo		.03367	29.70	(9)
Singapore and Malaya	Straits Dollar		.3162	3.16	
Spain and Dependencies	Peseta		.01608	62.19	
Sweden	Krona		.1869	5.35	
Switzerland	Franc		.2223	4.50	
Syrian Region, United Arab Rep.	Pound	Free	.2695	3.71	
Thailand	Baht	Free	.04564	21.91	(8)
Turkey	Lira		.1072	9.33	(8)
Union of South Africa	Pound		2.7105	.3689	
United Kingdom	Pound		2.7105	.3689	
United States	Dollar		.9646875	1.036605	
Uruguay	Peso	Free	.08444	11.84	(12)
Venezuela	Bolivar		.2880	3.47	
West Indies Fed.	Dollar		.5647	1.77	(10)
	Pound		2.7105	.3689	(11)
Yugoslavia	Dinar	Official	.003215	311.04	(8)
		Settlement rate	.001526	655.13	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.
12. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.

Transportation Notes

Brazil

IRON ORE FLEET—The Minister of Transport and Public Works has called a meeting of the heads of the leading steelworks to study the formation of a fleet for shipping iron ore out of the country and importing coal for the steel mills. This fleet would be operated along the lines of the National Petroleum Fleet and would be owned jointly by the companies concerned—Rio de Janeiro.

Canada

EUROPE-GREAT LAKES SERVICE—Canadian Pacific Steamships has announced that it will operate a regular service again this year between Liverpool, London and Antwerp, and Canada and United States Great Lakes ports during the St. Lawrence navigation season. Four vessels will ply the route; two in the Liverpool service and two in the London/Antwerp service. If there is enough traffic, the itinerary will be extended to other northwest European ports such as Le Havre, Rotterdam and Hamburg.

Bookings can be arranged with the Foreign Freight Department, Canadian Pacific Railway Company, Montreal, or with any Canadian Pacific Railway freight agency.

Hong Kong

VANCOUVER-HONG KONG SERVICE—Effective March 12, all Java Pacific Hoegh Lines vessels operating monthly "A" service from Vancouver offer direct calls at the port of Hong Kong. The transpacific crossing takes 18 days and all vessels are equipped to handle reefer cargoes and passengers. In Vancouver, Java Pacific Hoegh Lines are represented by Dingwall Cotts and Co. Limited, 802 West Hastings Street.

India

METRIC SYSTEM IN SHIPPING—The Government of India has announced another step in the progressive introduction of the metric system. The Government has ruled that, from August 1960, commercial charges at the ports of Bombay, Calcutta, Madras, Cochin, Kandla and Vizagapatnam will be based on metric weights and measures. This is intended to complement the changeover to the metric system in the assessment and collection of customs duties and excise taxes—New Delhi.

Ireland

IMPROVED AIR SERVICE—Aer Lingus (Irish Air Lines) has announced plans to open new routes and increase services on existing routes during 1960. The new routes planned include direct flights between Shannon and London that will coincide with arrivals and departures of planes on the North Atlantic service—Dublin.

Netherlands

SHIPPING CONFERENCE MEMBER—The Continental Canadian Westbound Freight Conference, the United States Great Lakes-Bordeaux/Hamburg Range Westbound Conference, the Canadian Continental Eastbound Freight Conference and the United States Great Lakes-Bordeaux/Hamburg Range Eastbound Conference announce that the Poseidon Schiffahrt GMBH of Hamburg was admitted as a member of these conferences on February 19, 1960.

The first two conferences, which cover outgoing services to St. Lawrence River and Great Lakes ports, will cancel their "open rates" when services are resumed this season. Effective at that time, conference member lines will assess freight rates according to the regular conference tariff valid in 1959—The Hague.

Norway

HYDROFOIL BOAT SERVICE—Two west Norwegian shipping companies, Det Stavangerske Dampskibssleskab and Sandnes Dampskibsaktieselskab, have ordered a hydrofoil boat of the PT 50 type from Messina, Sicily, and delivery is scheduled for this spring. The vessel is to be used on the companies' joint line between Stavanger, Haugesund and Bergen. This will be the first hydrofoil boat service in Norway. A number of other Norwegian shipping firms are studying the possibilities of using hydrofoil vessels in coastal services—Oslo.

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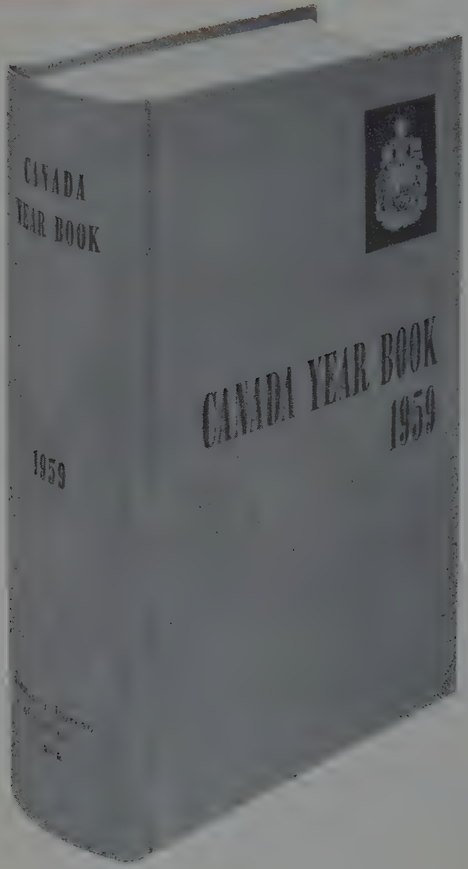

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MAY 21, 1960

foreign trade

NADA

PERU OFFERS AN IMPROVING MARKET (page three)

Established in 1904

foreign trade

OTTAWA, MAY 21, 1960 **Vol. 113, No. 11**

cover These hopeful pelicans are watching Peruvian fishermen shovel a day's catch of anchovies out of their boat. An enterprising Canadian firm introduced nylon nets to Peru's fishing industry some years ago; has reaped the rewards of initiative. Other exporters may wish to "go and do likewise." They will find in the articles on pages two to eleven an excellent briefing on this interesting South American market.

CANADA

3 **Peru Offers an Improving Market . . .** *as problems that have plagued the country recede. But return of stability sharpens import competition.*

6 **Advertising Abroad: Peru . . .** *pays dividends to the Canadian company that knows how and where to reach potential buyers of its products.*

8 **Peru's Mines Seek Foreign Capital . . .** *and Canadian companies making mining machinery and equipment should follow this campaign carefully, in hope of finding new sales opportunities.*

11 **France Reconsiders Agricultural Policy . . .** *a close student of French agriculture reviews developments in past year; examines their implications.*

20 **Canada Goes to the Ideal Home Exhibition . . .** *three first-hand reports on the smashing success of Canada's large-scale drive for British customers at a top-ranking fair.*

10 **Peru in Brief**

16 **Markets for Paints and Varnishes**

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38 **Foreign Exchange Rates**
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29 **Tours of Territory**
40 **Trade Commissioners on Tour**
28 **Trade and Tariff Regulations**

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister. JAMES A. ROBERTS, Deputy Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
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Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade".

Hartmann
440

Peru Offers an Improving Market

All signs point to more stable and prosperous Peru in 1960 and Canadian exporters should benefit. Here is advice on entering or becoming more active in this competitive market.

D. H. CHENEY, *Commercial Counsellor, Lima.*

THE market in Peru seems much more promising today than it was in 1958 and the first half of 1959. Sparked by measures adopted by a new government that took office last July, the trend is toward internal and external stability. This has created an atmosphere of confidence and prosperity among the business and industrial community.

The trade balance showed a surplus of U.S.$20 million in 1959, in contrast to a deficit of U.S.$44 million in 1958 and U.S.$71 million in 1957. The 1959 foreign exchange receipts reached a record U.S. $471.7 million (U.S.$396.6 million in 1958), thanks to a 4 per cent gain in exports and a 17 per cent reduction in imports. The balance of payments also showed a surplus—U.S.$14 million, as against a deficit of U.S.$18.9 million in 1958 and U.S.$30 million in 1957. As a result, the country has been able to build up its foreign exchange reserves and repay U.S.$25 million against stabilization credits to the International Monetary Fund and the Export-Import Bank. A series of measures adopted for financing the 1960 budget are expected to remove a threatened deficit of soles one billion (U.S.$36 million). The rate of increase in the wholesale price and cost-of-living indexes has declined.

The tight money situation of a year ago has eased. Money in circulation has increased moderately and commercial banks have surplus reserves. In response to this and to stable exchange rates, imports in 1960 are expected to increase by some 12 per cent and possibly overtake the 1958 figure. Exports, it is estimated, will go up 20 per cent, because of larger shipments of metals, fish products and coffee, and better prices for cotton and sugar. New production of high-grade iron ore and the first shipments of copper from a U.S.$300 million development in southern Peru will also add substantially to export earnings. So will income from the fisheries, some U.S.$44 million in 1959. Real national income went up an estimated 5 per cent in 1959 compared with a fall of 5 per cent in 1958 and is expected to expand further this year.

All this points to a more stable and prosperous Peru in 1960 and better opportunities for Canadian exporters. But competition from the United States, Britain, Europe and Japan is extremely sharp and will increase. Exporters new to trade with Peru should not be misled by population figures. Although the total population is approximately ten million, the effective consuming population comes closer to 3.5 million. A middle class of salary and wage-earners is gradually emerging and will increase rapidly in the next decade.

D. H. Cheney (right), Canadian Commercial Counsellor in Lima, author of this report, and W. J. Jenkins, Assistant Commercial Secretary, were at dockside when a large shipment of Canadian wheat arrived at the port of Callao recently. Peru has long purchased our wheat; bought about 90,000 metric tons of it last year.

Peru's foreign trade picture, with comparative figures for 1958 and 1959, is as follows:

	1958	1959
	metric tons	
Imports	1,184,392	1,263,050
Exports	4,630,622	5,739,367
	U.S.$ million	
Imports	335.4	294.1
Exports	291.4	314.2

PERU'S PRINCIPAL SUPPLIERS

Country	1958 Value	%	1959 Value	%
	U.S.$ million		U.S.$ million	
United States	$157.5	47	$132.7	45
Germany	36.9	11	32.5	11
United Kingdom	26.8	8	20.0	7
Argentina	11.3	4	14.7	5
Canada	12.1	4	12.3	4
Netherlands	10.0	3	11.8	4
Switzerland	10.0	3	8.8	3
Total, including all others	335.4	100	294.1	100

The United States retained her position in 1959 as Peru's leading supplier, followed by Germany, the United Kingdom, Argentina and Canada.

What Canada Sells Peru

Peru is a traditional customer for Canadian wheat; in 1959 she purchased approximately 90,000 metric tons (or some 40 per cent of her wheat imports) from Canada. She is also a valued market for malt, mining machinery and parts, agricultural machinery, commercial fishing nets, and many other manufactured articles. Canadian exports other than wheat, however, contracted to Can.$6 million last year from $8.2 million in the previous year because of higher import duties and increased cost of imports in local currency. But larger wheat purchases by Peru more than offset this decline, bringing total Canadian shipments to the highest figur since 1953.

Apart from wheat, the outstanding increases in Canadian shipment to Peru included the followin commodities:

- barley
- malt
- fishing nets and twine
- papermaking felts
- oilcloth
- newsprint
- plates, sheets and strips of steel
- iron and steel bars
- aircraft engines and parts
- bolts and nuts of iron
- bookkeeping machines
- shoe machinery
- machinery n.o.p.
- lamps and lanterns
- manufactures of iron n.o.p.
- radio apparatus
- asbestos waste
- brake linings
- medicinal preparations
- nitrogen fertilizer
- calcium compounds
- drugs and chemicals n.o.p.
- aircraft parts

The following Canadian export to Peru declined in volume in 195 compared with 1958:

- wheat flour
- purebred cattle
- special leathers
- skim-milk powder
- synthetic fibre and thread
- sulphate kraft wood pulp
- wood manufactures
- gasoline engines
- spades and shovels
- parts for farm implements
- electric washing machines
- mining machinery
- primary aluminum
- brass valves
- copper tubing
- insulated copper wire
- dynamos and generators
- electric meters
- electric motors
- sparkplugs
- asbestos milled fibres
- acids
- ammonium sulphate
- synthetic resins and products
- photographic films

PERU'S PRINCIPAL IMPORTS

Commodity	1958 Value	%	1959 Value	%
	U.S.$ million		U.S.$ million	
Machinery and equipment	87.1	26	67.6	23
Foodstuffs, fats and oils	53.6	16	47.1	16
Vehicles and transport equipment	40.2	12	29.4	10
Minerals, metals and their manufactures	36.8	11	29.4	10
Chemicals and pharmaceuticals	34.7	10	38.2	13
Textiles and manufactures	12.2	4	5.9	2
Fuel and lubricants	12.2	4	14.7	5
Wood pulp, paper and manufactures	7.8	2	8.8	3
Lumber and manufactures	3.4	1	2.9	1
Others	47.4	14	50.1	17
Total	335.4	100	294.1	100

CANADA'S EXPORTS TO PERU

Year	Exports to Peru (Can.$)	Canada's Share of Peruvian Market (per cent)	Exports of Wheat (Can.$)	Other Exports (Can.$)
1952	16,404,770	6.7	10,331,805	6,072,965
1953	15,107,628	6.7	8,278,222	6,829,406
1954	5,085,542	2.89	707,560	4,377,982
1955	6,001,263	2.22	377,168	5,664,095
1956	11,337,336	3.3	4,246,079	7,091,257
1957	10,108,193	3.0	2,687,580	7,420,613
1958	11,501,394	4.0	3,283,863	8,217,531
1959	11,697,258	4.0	5,666,524	6,030,734

If there is anything that characterizes the market in Peru it is competition—competition in payment terms as well as price. The letter of credit is generally not acceptable, except in special cases, and not more than 10 per cent of Peru's total imports are now financed in this way. Most importers expect to receive sight draft terms, varying from 30 to 120 days from arrival of the goods in the customs, depending on the type of merchandise.

Import duties were increased substantially in 1958 and 1959 on a wide range of goods classed as non-essential. These, added to the depreciation of the sol by some 40 per cent since 1957, have driven up the local-currency cost of imports by 45 per cent. Exporters from the United States, Britain, Europe and Japan are competing vigorously for a bigger share of the market and price is therefore extremely important. During the past two years quality has been secondary in many instances but with the improvement in import demand, quality consciousness is reviving.

Promotion of Sales

A feature article on page 6 of this issue provides advice on advertising in Peru. The exporter should give some thought to an advertising plan, possibly on the basis of sharing costs with the agent or distributor. Exporters should be prepared to correspond in Spanish if necessary, although many Peruvian importers have a knowledge of English or French. For many lines, a good agent selling to distributors or importers throughout the country proves a distinct asset. He sees to it that orders are regularly solicited, keeps his principal advised of competition and market developments, and follows up delinquent accounts. He is also useful if complaints and claims develop. News of unsatisfied complaints spreads rapidly in Peru and can ruin a lucrative trade quickly.

If he has been selling through several distributors, an exporter should be well satisfied about which one will obtain the best volume before granting an exclusive. There are times also when two or more distributors can work the same line well without conflict. There are many excellent agents and distributors in Peru and the Commercial Secretary will gladly report on their capability and status and the lines they handle.

Quotations in U.S. dollars c.i.f. Peruvian port are preferred and should be supplied whenever possible. The initial work this involves can be rewarding. Exporters should provide descriptive material about their products, including prices, when approaching a potential customer; an approach which does not include prices will probably be ignored. Commissions allowed to representatives and the calculation of them should be clearly specified before business is undertaken. There are no exchange restrictions in Peru and dollars are freely available to pay for imports.

Distribution within Peru

Peru's main distribution centers are Lima/Callao, Arequipa, Trujillo and Iquitos. Most of the large representatives and distributors have their headquarters in Lima and cover the entire country either with a travelling sales force or through branch offices. There are a number of excellent firms in Arequipa which cover the south. Peru's Amazon region is very isolated from the rest of the country. Several of the smaller centers are served by trans-Andean truck traffic from the coast. The main distribution center, however, is the river port of Iquitos, Peru's gateway to the Atlantic. It is usually advisable to appoint a separate agent or distributor resident in Iquitos to cover this area.

Tariffs, Shipping

Peru exchanges most-favoured-nation tariff treatment with Canada under the GATT, to which she acceded in 1951. Chile enjoys preferential tariff rates on a few products, mainly agricultural. Peru is also a member of the newly-created Latin American Free Trade Association of countries which plan to abolish duties progressively on products traded among the group over a period of twelve years. A bilateral treaty between Peru and Argentina provides for the exchange of specified commodities, mainly food and raw materials, under a "swinging credit" arrangement.

Two steamship companies, Flota Mercante Grancolombiana and West Coast Lines Inc., now offer direct sailings on a regular basis from Canadian East Coast and Seaway ports to Peru.

The Peruvian Congress recently passed an Industrial Promotion Law providing wide tax and duty concessions to new industries. It is expected that it will be interpreted liberally. In the future, foreign exporters may be induced to establish branch plants or make licensing arrangements with local manufacturers.

Getting Started

Important points concerning tariffs, customs laws and treatment of Canadian exports, marking and documentation and shipping requirements may be cleared quickly with the Latin American Division, International Trade Relations Branch of the Department of Trade and Commerce in Ottawa. If you wish to approach the Lima office for an opinion and recommendations on the opportunities for your products, be sure to provide it with complete information at the start. This includes description of the product with illustrations if possible, its use, any special features which may be helpful as selling points, price and how this compares with U.S. and European competition, and policy on the use of agents or distributors. Try to offer the best possible arrangement on terms of payment and if possible some plan of shared advertising with the representative. A little extra time taken in appointing a good representative will be rewarding and avoid the later embarrassment of making a change. ●

Advertising Abroad

In Peru, newspapers claim the biggest share of the advertiser's budget. Foreign firms should enlist the aid of international advertising agencies, many of whom have offices both in Peru and in Canada.

W. J. JENKINS, *Assistant Commercial Secretary, Lima.*

PERUVIAN advertisers use all the media known in the business today and much of the advertising budget is spent on promoting imported goods. Running through the daily newspapers in Lima, one is struck by the number of ads for imported ballpoint and fountain pens, machinery for small industries, household appliances, pumps, truck motors, office machinery, generators, diesels for fishing boats, welding equipment, hardware, industrial belts, outboard motors, and mining machinery. Advertising of these products is usually done by the Peruvian representative of the companies but costs are shared with the foreign manufacturer.

Peru now has about 9.9 million people, of which about 6 million are rural and 3.9 million urban. An estimated 1.3 million of the city dwellers live in the Lima area. The concentration of buying power in Lima is enormous; per capita annual income is over 5,000 soles,* compared with an average of about 1,500 soles in most other regions of the country. Of the 49,000 cars registered in Peru, 39,600 are in the Lima area.

Illiteracy is high (about 55 per cent), particularly in the Andes highlands and eastern jungle areas. Sixty-three per cent of the labour force works in agriculture, 18 per cent in manufacturing, 4½ per cent in commerce, and 3½ per cent in government. Despite the large mining industry, only 2 per cent of the labour force works in the mines or in mining operations.

Newspapers in the Lead

Most popular with international advertisers are Lima's two principal daily newspapers, *La Prensa* and *El Comercio*. Peru has 47 dailies with a total circulation of about one-half million but the seven biggest papers are published in Lima; 80 per cent of the subscribers are in and around the city. A major portion of the people who can afford to buy more than daily essentials are reached through the Lima newspapers.

The quality of newspaper printing is adequate. It is common practice to show a drawing of the product being advertised and frequently a good deal of copy is used. The accompanying table indicates the cost of advertising in the main Lima dailies.

ADVERTISING COSTS IN LIMA DAILIES

	Estimated daily circulation	Approximate cost per column per centimetre
La Prensa	70,000	$0.80
El Comercio*	65,000	1.05
Ultima Hora	102,000	0.70
La Cronica†	60,000	0.70
La Tribuna	55,000	0.70

*two editions a day.
†three editions a day.

Magazines

The Spanish-language versions of the *Reader's Digest, Life,* and the Latin American edition of *Time* (English language) are the United States magazines found on most Peruvian newsstands. Other foreign magazines that are widely circulated are *O Cruzeiro* from Brazil, and *Visión,* published in Panama. There are over 100 Peruvian magazines with a total circulation of about 400,000 but probably only two of these would interest the international advertiser. These are *Caretas,* with a circulation of 24,000, and *El Mundo* with 5,000; both are published bimonthly.

Although the circulation of these magazines is comparatively small, they reach the middle and well-to-do classes. The quality of magazine advertising is generally good and more artistic than that in the newspapers. A full-page black-and-white ad in *Caretas* costs U.S.$180, and a half-page colour advertisement U.S.$240.

Peru has several trade journals that are well presented and of value to Canadian advertisers. The most important ones are published by the mining, agricultural, and industrial societies and are useful for advertising machinery and supplies.

Radio

With the exception of companies selling basic household goods Peruvian radio advertising does no suit the needs of most internationa advertisers. Radio is the only means of communication that manufacturers have with the low-income Peruvians. But because these people can frequently afford to buy only essentials, most radio advertising is of products such as soap, soft drinks, cigarettes, and beer.

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*29 soles (approx.)=one Canadian dollar.

Peru has 40 radio stations, 23 of them in Lima. Competition has resulted in low advertising rates, but with so many stations the number of people who listen to each is small. There are an estimated half-a-million radios in Peru, about 200,000 of them in Lima.

Television

Peruvian television was born only a year ago but it has won astonishing acceptance. Lima has four channels, with a fifth scheduled for the end of the year; Arequipa, Peru's second city, has one. There are about 40,000 TV receivers in Lima and another 500 in Arequipa.

Television is popular with advertisers because it provides a select market, though one Lima advertising agency discovered from a survey that many viewers were of more modest means than was generally believed. A practice among poor families in the congested areas of Lima is to buy a TV set on extended credit terms and then to invite neighbours in to watch television at the Peruvian equivalent of a nickel a show.

A one-minute spot on a Lima TV station from 7 to 10 p.m. costs about $18. There are several Lima firms that can prepare TV films or dub Spanish dialogue into ready-made ones.

Cinema

Peru has many movie theatres and advertising between shows is common. There are 104 theatres in Lima and 220 in the provinces, 50 of these can be considered first class and suitable for advertising. The average weekly audience in movie-houses is estimated at 1.2 million. Average seating capacity in Lima is 1,000 and in the provinces 600.

Short advertising films and colour slides are shown regularly between the news and the main feature. Films and colour slides can be made at a reasonable cost by reputable Peruvian companies. The audience expects to be amused and humorous advertising is most successful; cartoons are frequently employed.

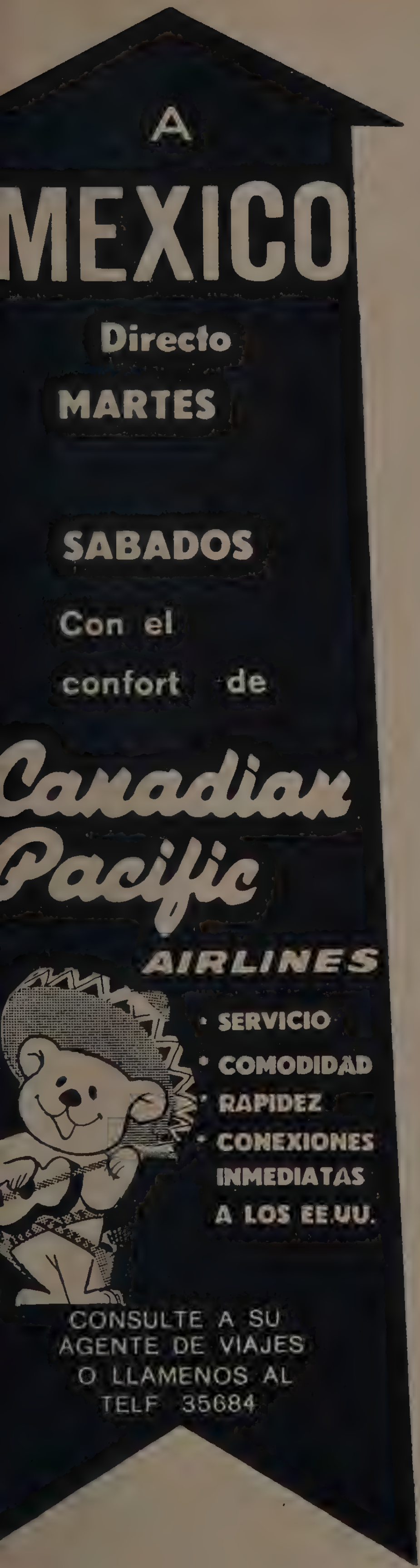
A first-class Lima theatre charges $49 to show an advertising slide three times a day for one month.

Miscellaneous Media

Direct-mail campaigns are practically unknown in Peru, probably because of fear of loss or pilferage. Billboard advertising is common but is not used as much as in Canada. No advertising is carried in streetcars and buses, though one international radio manufacturer is getting good results with large signs painted on the sides of Lima's streetcars. Counter display-cards are used for some types of commodities, such as ballpoint pens and drugstore items. If a brand name is already well known in Peru it is possible to use English text, but Spanish is always preferable. Neon and other luminous signs are favourites among advertisers, as a visitor to downtown Lima quickly realizes.

How to Place Advertising

Three of the big international advertising agencies have offices in Lima and dealing with one of these organizations is probably the most trouble-free way to advertise in Peru. Canadian firms can arrange Peruvian advertising through the branches of these agencies in Canada. Commission charges in Peru are the same as they are in Canada—that is, 15 per cent.



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TELF 35684

One Canadian company which finds it worthwhile to advertise in Lima newspapers is Canadian Pacific Airlines. It recognizes that clever little drawings add interest.

There are numerous Peruvian advertising agencies and the Canadian Commercial Secretary in Lima would be pleased to recommend several of the most reliable ones. The main local agencies are associated with big foreign advertising companies and the Canadian manufacturer can therefore do business through a Canadian office.

If the foreign firm arranges its own advertising, an important point to remember is that all text must be in Spanish and that translations should be done in Peru or by a Peruvian. Some words used in other Latin American countries are not used here, and vice versa.

In most instances the Canadian businessman considering advertising his products in Peru will already have a representative in this country; the advertising problem then is simple, because the Peruvian firm will make all the arrangements. Canadians who feel they could do more business if their products were better known should consider offering to share advertising costs with their Peruvian representatives. ●

Peru's Mines Seek Foreign Capital

A wealth of mineral deposits, some still unexploited; a liberal Mining Code, and a hospitable attitude towards foreign investors—these spell opportunity for foreign investors and for Canadian suppliers of equipment if the search for capital succeeds.

D. H. CHENEY, *Commercial Counsellor, Lima.*

MINING in Peru is almost entirely in private hands. A large proportion of the investment is owned abroad, particularly in the United States. The Government permits great freedom of operation and has created an attractive investment climate through liberal and progressive mining legislation. Many new projects, large and small, are under way but opportunities for development still remain. Peru's mining industry requires capital, technical assistance, and treating and refining facilities if it is to progress and assure its future development.

Investment opportunities cover all phases of mining activity, including prospecting and exploration of new regions; the development and exploitation of partially explored zones; exploitation of areas already known; installation of processing plants, power-houses, foundries and refineries; the purchase of minerals, concentrates and other metallurgical products, and transportation of mine products.

Peru produces 21 metals, including gold, silver, copper, lead, zinc, arsenic, antimony, bismuth, cadmium, tin, indium, mercury, iron, manganese, molybdenum, tungsten, thallium, selenium, tellurium, nickel and cobalt. She also produces 22 non-metallic minerals, as follows: coal, sulphur, lime, cement, salt, gypsum, mineral waters, clays, refractory clays, barium sulphate, gravel, prophylite, silica, manganese sulphate, talc, diatomaceous earth, borax, quartz, kaolin, mica, asbestos, and saltpeter.

There are large and interesting deposits of iron ore, particularly in the south; two of these, situated near the coast south of Lima, are now being exploited. A number of others are being explored. Copper, mercury, manganese, nickel, cobalt, tungsten, molybdenum, vanadium, bismuth, arsenic, and antimony also offer interesting possibilities. Among the non-metallic substances worth noting are petroleum, asphalt, coal (anthracite, bituminous and peat), sulphur, quartz, mica, asbestos, amianthus, barite, limestone, dolomite, gypsum, salt, gems, boron, saltpeter and guano. Although the petroleum industry has been established in northern Peru for many years, a new area of exploration and exploitation is emerging in the Amazon region of eastern Peru. The Government of Peru exercises a monopoly over the production of salt and guano. Discoveries of radioactive minerals in the mountainous regions of southern Peru have been reported but the importance of these finds is not yet known. The Government has established an Atomic Energy Control Board with control over the mining and production of radioactive minerals.

The Mining Code of 1950

Peru's mining legislation, unchanged for some 50 years, was revised in 1950 with the introduction of the Mining Code recognized throughout the world as a generous and progressive statute. Under this legislation subsurface mineral deposits belong to the State, which has the power to grant concessions. The Code was designed to stimulate the exploitation of Peru's mineral resources and capably combines laws dealing with constitutional rights, taxation, social benefits, administration procedures, commerce, and registration.

Mining Code Set Up

The basic provisions of the Peruvian Mining Code of 1950 are:

- Either Peruvians or foreigners may be granted concessions for all metallic and non-metallic materials except petroleum, radioactive materials and a few other substances. Exploration concessions are limited to five years but may be extended indefinitely where exploitation is carried out. No distinction is made between metallic and non-metallic substances or between nationals and foreigners.
- Exploration may be carried out freely on unenclosed public or private land.
- Either cultivated or idle land may be included in the concession, provided that the holder of the concession compensates the owner for any damage.
- Water resources required for domestic or industrial development may be expropriated. The installation and transit of canals, lighting systems, piping, tanks, powerlines, etc., are provided for.
- Mining companies are exempt from the payment of export duties, unemployment taxes, and excess profits tax.
- Taxes on profits are levied according to the following scale:

7% on profits not exceeding	S/. 10,000
10% in excess and up to	30,000
12% “ “ “ “	50,000
15% “ “ “ “	70,000
17% “ “ “ “	100,000
20% on profits exceeding	100,000

- A reserve for depletion, free of taxation and free of disposition, may be created up to 50 per cent of the net profit obtained from operations.
- The State undertakes not to vary the present rate of taxation for 25 years.

PERU'S MINERAL PRODUCTION AND EXPORTS 1958

	Production	Volume of Exports	Value of Exports
Gold	4,495 kilos	2,461 kilos	U.S.$ 2,554,568
Silver	867,965 “	776,166 “	20,676,837
Copper	54,630 metric tons	52,402 metric tons	22,328,256
Lead	136,088 “ “	134,973 “ “	24,397,157
Zinc	161,868 “ “	136,454 “ “	11,763,348
Tungsten	539,682 kilos	526,444 kilos	2,575,146
Antimony	2,057 metric tons	580 metric tons	119,011
Bismuth	768 “ “	352 “ “	1,507,631
Cadmium	86 “ “	50 “ “	171,782
Mercury	68,349 kilos	59,446 kilos	315,477
Manganese	866 metric tons	1,967 metric tons	179,528
Iron	2,016,543 “ “	1,523,888 “ “	16,599,340
Petroleum	18,732,134 barrels	4,976,241 barrels	13,026,427

- Provision for the reduction of profits tax to 10 per cent and the granting of other assistance by the Government where marginal deposits are being exploited.
- The holder of the concession may charge the costs of construction of means of access to his deposits against the profits tax.
- All machinery, equipment and materials imported for use in the mining industry are exempt from import duties.

The beneficial results of this policy are shown by the fact that between 1949 and 1956 production of lead went up 100 per cent, zinc 136 per cent, silver 111 per cent, copper 64 per cent, gold 71 per cent and tungsten 509 per cent.

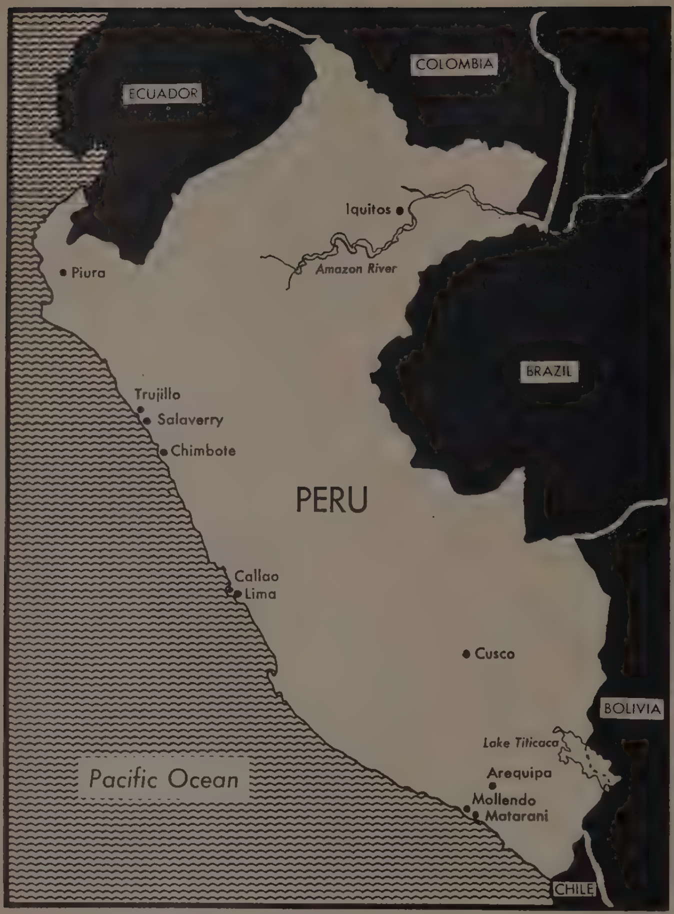
Financial and Technical Aid

The Banco Minero del Perú (Mining Development Bank), a government entity, assists small and medium-sized mines by granting credits and making available facilities for the processing of minerals. The Bank has an authorized capital of S/. 200 million ($7 million). The National Engineering University has an excellent mining faculty that offers a high standard of training for mining engineers. The University of San Marcos trains geologists at its School of Geology and the Government provides training for craftsmen and foremen in its School of Arts and Crafts. A National Institute of Mining Investigation and Development offers many services to the mining community through experimental processing facilities, laboratories, meetings, museums, libraries, statistics, and the carrying on of geological and mining studies throughout the country. All material that the Institute collects is at the disposal of the mining industry.

Other organizations that supply scientific, technical and professional assistance include the National Mining Society, the Institute of Peruvian Mining Engineers, the Society for the Development of Small Mines, the Geological Society of Peru, the Lima Geographical Society, the Geographic Institute of Peru, and the Atomic Energy Control Board.

The Investment Climate

The over-all climate for investment in Peru is favourable. The country enjoys political and social stability and a diversified economy, free of import and exchange controls. The Government's attitude towards the foreign investor continues to be hospitable. If it can secure the money needed to develop its mining potential, Peru may become a useful market for Canadian firms in the mining equipment field. ●



Markets in Brief

PERU

Area: 506,000 square miles.

Population: 10 million.

Climate: dry and moderate on coast, cool in mountains, tropical in jungle.

Language: Spanish; sales literature in Spanish important.

Currency: sol; one sol equals Can.$0.03476 at certificate rate applicable to all imports.

Weights and measures: metric system.

Capital: Lima, altitude 666 feet. Airport "Limatambo", altitude 600 feet.

Chief ports: Callao, Mollendo, Matarani, Salaverry, Chimbote, Iquitos (Atlantic via Amazon River).

Marketing centers: Lima including Callao, (population) 1.5 million; Arequipa 110,000; Trujillo 55,000; Iquitos 47,000.

Economy: agriculture, mining, fishing are main sources of foreign exchange. Opportunities for investment in mining and manufacturing. Some local capital available but assistance from abroad welcomed.

Total Peruvian imports: 1959 (preliminary)—U.S.$294.2 million; 1958—U.S.$335.4 million; 1957—U.S.$400 million.

Chief imports: 1958 (in per cent)—machinery and equipment 26; foodstuffs, fats and oils 16; vehicles and transport equipment 12; minerals, metals and manufactures 11; chemicals and pharmaceuticals 10.

Chief suppliers: 1958 (in per cent)—United States 47, Germany 11, United Kingdom 8, Canada 4, Argentina 4.

Value of imports from Canada: 1959—Can.$11.7 million; 1958—Can.$11.5 million; 1957—Can.$10.1 million.

Chief imports from Canada: wheat; malt; milk powder; wood pulp; chemicals; asbestos; newsprint; aluminum ingots; industrial materials of metal; mining, industrial and agricultural machinery; electrical appliances (washing machines).

Total Peruvian exports: 1959 (preliminary)—U.S.$314.2 million; 1958—U.S.$291.4 million; 1957—U.S.$330 million.

Chief exports: 1958 (in per cent)—minerals 37, cotton 26, sugar 12, marine products 7, coffee 5, petroleum 5.

Chief markets: 1958 (in per cent)—United States 38, Chile 10, United Kingdom 9, West Germany 7, Belgium 7, Netherlands 6.

Value of Canadian purchases: 1959—Can.$4.0 million; 1958—Can.$2.4 million; 1957—Can.$2.8 million.

Chief Canadian purchases: metal ores, canned fish, raw cotton, green coffee beans.

Dollar exchange: freely available for all imports.

Prices: quotations in U.S. dollars c.i.f. preferred.

Samples: duty is payable on samples of commercial value; small samples of no commercial value are free.

Trade agreements: most-favoured-nation agreement with Canada. Special treaty with Chile granting reduced rates to a few Chilean products, mainly food. Bilateral trade agreement with Argentina. Peru is a member of the new Latin American Free Trade Area; equal tariff treatment of imports from all countries predominates.

Import controls, documentation, customs tariffs, marking and labelling: no import licences required for products from any country. On other points, consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: Royal Bank of Canada, Lima. Peruvian banks have correspondent relations with most Canadian banks.

Correspondence: airmail only; letters 10 cents per half-ounce.

For detailed information on this market write to:

Latin American Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Secretary
Canadian Embassy
Casilla 1212
Lima, Peru
(by airmail only)

Unrest among the farming community has spurred a re-examination of French agricultural policy.

What has been the result?

Will it affect our agricultural trade with France?

France Reconsiders Agricultural Policy

V. F. WIGHTMAN, *Agricultural Attaché, Paris.*

THE year 1959 was not a particularly good one for French agriculture. At the beginning, the farming community was upset by the widespread fiscal and monetary reforms that increased costs and abolished the tying of support prices to cost factors. Second, although the growing season began well and produced record grain crops, severe drought in the summer and fall reduced root crops and affected livestock production. The consequent squeeze on farm income—which had not been advancing in line with other sectors of the economy—led to considerable unrest by the end of the year. As a result, there has been a profound rethinking of French agricultural policy over the past few months.

Agricultural Unrest Widespread

Throughout the winter, farmers held recurrent meetings to protest against the relative stagnation in their income. Studies by the French Statistical Institute showed that farm income during the 1958/59 season rose by only 3 per cent as against a 5.5 per cent rise in the general price index and 10 per cent in the index of industrial goods used in agriculture. Another study on income trends over the past decade concluded that by 1958 farm income had risen by only 24 per cent over 1949, compared with a gain of 46 per cent in other sectors. Farm groups therefore demand some type of guarantee of income parity and, in particular, the tying of support prices to certain cost indices.

The French Government would not accept the full application of the escalator clause (indexation), which had been criticised in the past for its built-in inflationary pressure and which limits direction of agricultural policy through prices. A compromise was reached early in March whereby support prices are weighted from 55 to 70 per cent, depending on the product, by indices of production costs. Grain is in the lowest bracket and milk in the highest. To take grain as an example, the yearly price will be adjusted 10 per cent by each of the following cost factors: minimum guaranteed agricultural wage, energy, pest-control products, machinery and equipment and other industrial goods used in agriculture, plus 5 per cent for building maintenance costs. The reference period is June 30, 1959.

In assessing the farm problem, the French Government has distinguished between the short-term financial difficulties arising from drought and the long-term, which stem from the profound adaptation in structure required to face new technological development in agriculture, evolving consumer demand, and new challenges from the Common Market.

To alleviate financial problems, the French Government introduced an element of parity pricing as indicated above and measures to facilitate the marketing of corn. It also withdrew certain liberalization that caused internal market upsets (eggs, poultry, onions), granted more liberal credit at reduced interest rates for current expenses, and brought in measures to support the wine market. For the long run, the French Government has promised a comprehensive program to strengthen and modernize agriculture. This will involve new legislation on agricultural education and investments, plus a health insurance plan for the farm community.

Other measures include a plan for regional abattoirs to cut marketing costs, a four-year program to improve animal health, and acceleration of industrial decentralization to give new employment opportunities and enlarged markets in certain critical areas, such as Brittany.

Progress in Modernization

Although current problems tend to focus attention on the weak points of French agriculture, the past decade has witnessed remarkable progress in modernization and productivity. French farm production had expanded to a quarter above the immediate prewar figure by the 1954/55 season. The following years brought some setbacks because of unfavourable growing conditions: a 30 per cent increase would have been achieved in 1959 had it not been for the drought. One study indicates that agricultural output has been rising at the rate of 4 per cent per year, compared with 3 per cent in industry. At the same time, labour input declined by 14 per cent, to the advantage of industry and services.

Yields have advanced steadily. To take wheat as an example, from the equivalent of 23.2 bushels per acre in 1934/38, the national average reached 33.5 in 1954/58 and a record 39.5 in 1959. These averages hide considerable variations within the country; in certain areas of the north, yields average 52.2 bushels per acre and individual farms easily attain 70 bushels and over.

Farm mechanization has proceeded rapidly. The number of tractors on farms rose from 46,000 in 1946 to almost 700,000 by the end of 1959. The number of combines in operation has increased fourfold since 1952, with almost 50,000 in operation by last fall. Over the past year the pace of machinery purchases has slackened because of the squeeze on farm income, but the trend is clearly towards increased mechanization.

The above are merely a few concrete examples of the progress that French agriculture has made. At the same time, many basic problems remain that will not be solved quickly—such as consolidation of scattered holdings, better technical training for young farmers, expansion of extension services, the need for substantial investment in land-improvement projects, processing, distribution, rural housing and farm buildings. Probably the main problem working against an improvement in per capita farm income is the large population that still depends on agriculture for its livelihood. Although the agricultural population declines by about 1 per cent a year, a fifth of the active population is still on the land. French agriculture now accounts for only 12 per cent of the gross national product and its weakness lies in too many people producing food for other sectors of the economy. There is new urgency to such structural problems as the development of the Common Market opens the door to greater competition. For the most part, French agriculture is in a relatively strong position, with most prices in the lower brackets.

Trade Outlook

Foreign trade plays a far smaller rôle in French agriculture than it does in Canadian. The principal traditional export has been wines and brandies. Over the past decade France has begun to export wheat and barley, but the volume has varied considerably from year to year, depending on crops. Fruit and vegetable exports have made some progress; this depends on the seasonal movement and is balanced by imports. Though 1959 showed a gain in meat (mainly beef) exports, they remain well below the postwar peak attained in 1955.

France is in a marginal position on many commodities and official policy has been to encourage agricultural exports to help pay the import bill for raw materials and fuel. Recently, however, exports of manufactured goods have surged ahead to bring French commodity trade almost into balance and agriculture's share has become proportionately less. The Third Modernization Plan for 1958/61 forecast a favourable trade balance in agriculture by 1961 of 1,350 million NF (new francs); nevertheless the deficit has continued at 300 million NF or more.

The Commission for the Modernization Plan now estimates that agricultural production in 1961 will rise only 18 per cent above 1956, instead of the 20 per cent forecast earlier. This eliminates much of the margin that would have moved into export. As a consequence, exports have fallen far short of the targets set for 1961. This has resulted from extremely variable growing conditions, including frosts in 1956 and 1957, heavy rains at harvest in 1958, and drought in 1959. Within the over-all picture, however, individual products have in some years come close to production goals and one consistently good growing season would bring output close to the planners' forecasts.

Effect of Trade Liberalization

Over the past fifteen months France has adopted sweeping trade liberalization measures, freeing a large percentage of its trade with the dollar countries, the OEEC area, and with other countries. Action on agricultural products, however, remains marginal. OEEC liberalization of poultry and eggs, the first of the main farm products freed from control, led to internal marketing difficulties and early in March such imports were made subject to a minimum price system (see below). Beef and bovine cattle for slaughter have been liberalized from OEEC sources, but most of the other main branches of French agriculture remain protected by quantitative restrictions, often accompanied by state trading. These statements apply to such items as grain and grain products, dairy products, sugar beet or cane, some oilseeds, coffee, tobacco, and wine.

Liberalization of significant agricultural products from the dollar area is limited to hides and skins, fur pelts, whisky, animal byproducts, seeds, certain prepared sauces and condiments, and natural honey.

New Import Procedures

Two new methods of removing quantitative restrictions and yet avoiding price upsets on the domestic market have been tried: seasonal liberalization (apples) and minimum price system (eggs, poultry, pork, certain vegetables).

To take apples first, from February 15 to April 30 they may be imported from OEEC countries, Canada and the United States, provided prices of certain French varieties on the Paris wholesale market do not fall below a specified level. If this price drops for three successive days, imports may be suspended. From May 1 to July 31, there is no control on imports. The French Government thus maintains protection from August to February, when the bulk of the domestic crop is moving onto the market. This spring, Canadian apples were exported to France for the first time in many years.

A minimum price system has been established for certain food imports from the European Economic Community, as proposed in the Rome Treaty. Certain key prices are pinpointed on the Paris wholesale market and below this, imports are cut off. For instance, provided first-quality chicken remains at a certain price, imports of all types of live or slaughtered poultry are permitted. The same applies to pork products, and a range of vegetables is subject to a similar minimum-price regime. On the other hand, a variable import levy on eggs is collected by the support board, to assure that imports do not undermine a range of monthly support prices established over the year.

Wheat Production

France both imports and exports wheat, and grain vies with wine and brandy for the top of the agricultural export group. During the calendar year 1959, grain exports fell below average, reflecting the smaller wheat crop in 1958. By contrast, the 1959 summer brought bumper grain crops, with 11.5 million tons of wheat, 4.9 million of barley, and 1.8 million of corn. Corn has registered the most spectacular rise latterly because of the introduction of hybrids and its extension into the northern half of France.

Though the current crop year ends only in July, wheat exports are expected to total slightly over a million and a half tons; this is higher than the previous crop year but still below exports of 2.3 million tons from a similar crop in 1957/58. There has been some shift in the trading pattern for the current season with larger quantities, (probably 700,000 tons) placed in the franc zone, because of the soft-wheat deficit in Algeria. Outside the franc zone Germany is the principal client, taking 325,000 tons of soft wheat a year under the Franco-German grain agreement. Other important markets are the neighbouring countries of Europe.

Though France regularly exports soft wheat, its requirements of durum wheat are substantial. Preference is accorded North African durums, but because of short crops there in 1959 larger quantities have been bought outside the franc zone. Morocco and Tunisia will each supply 150,000 tons for the 1959/60 season but at least another 200,000 tons are needed for the French and Algerian markets. Canada has enjoyed the lion's share of the business to date, with sales of 125,000 tons, followed by Argentina (42,000), and Spain (28,000). France cannot be regarded as a steady market because of the preferential treatment accorded North Africa, so that the possibility of Canadian sales depends on its exceedingly variable output.

The present area seeded to winter wheat is much the same as the last five-year average. With a mild winter, growing conditions have been satisfactory and the outlook is normal. Last fall's drought meant that sowings of winter rapeseed are over a third below recent years and this should result in an increased market for Canadian rapeseed later in the year.

Agricultural trade between Canada and France is limited by the fact that both countries raise much the same products. Canadian export interests are concentrated on oilseeds, durum wheat, forage seeds, and furskins. With so many food products in France remaining subject to quantitative restrictions and/or state trading, the prospect of expanding Canadian agricultural exports is not bright. Furthermore, as the Common Market develops, member countries will eventually ship their products into France duty-free and the common external tariff will protect the Community from outside competition. ●

Sweden Ups Exports to U.S.

AN all-time record for U.S. Pacific Coast imports from Sweden was set in 1959 when they reached a value close to $22 million. This compares with $13 million in 1958 and $15 million in 1957, the previous peak year, reports the Swedish Chamber of Commerce in the United States.

As late as 1948, pulp and paper accounted for about 90 per cent of the value of over-all Swedish shipments to the U.S. West Coast. By 1959, these had dropped to just over 5 per cent, comprising principally hardboard. Meanwhile, there has been a 34-fold increase since 1948 in sales of other Swedish products. This group is composed almost entirely of manufactured goods.

The most spectacular success is that of the Volvo automobile. Introduced to Pacific Coast buyers in 1955, it now accounts for over 60 per cent of the entire value of imports from Sweden. In 1959, Volvo imports rose in value by 66 per cent to $12,349,000.

Machines were second only to automobiles in value and accounted for $2,481,000, or 11 per cent of the total. Steel, metals and manufactures showed a considerable increase and made up 8 per cent of the total. Within this group, copper was a new item. Furniture imports continued their rise and reached $854,000. The value of imported Swedish pleasure boats was $622,000, an increase of 81 per cent over 1958. Notable among other products was glassware, with sales valued at $303,000, up 140 per cent; this sharp increase was primarily due to substantial shipments of window glass. Imports of firearms, predominantly sporting rifles, totalled $126,000.

The year 1959 was characterized by a sharp increase in U.S. imports. However, although total Pacific Coast imports from all countries rose by 28 per cent, imports from Sweden went up no less than 59 per cent. When interpreting these statistics it should be kept in mind that many Swedish products distributed in the western part of the U.S. entered in the east and were shipped overland. Among products in this category are cash registers and office machines.

—A. P. BISSONNET,
Commercial Counsellor, Stockholm.

Fairs and Exhibitions

Canadians Score at Sports Goods Show

THIRTY-FOUR Canadian firms participated last January and February in what is said to be the biggest sporting goods show in the world—the *National Sporting Goods Association 31st Convention and Show* in Chicago. This was the first time that Canadian products were shown in a unified display, in a setting that could be easily identified as Canadian. The Canadian Government Exhibition Commission had erected colourful folding display stands decorated with a snowflake motif. Against this backdrop the goods were shown in a total exhibit area of 1,900 square feet on the third floor of Chicago's Morrison Hotel.

This is a "business only" show and is restricted to the trade. It is therefore with some satisfaction that P. G. Jones of the Department's Commodities Branch reports that 33 of the 34 Canadian firms sent their own representatives to deal with the thousands of buyers. Did the show live up to expectations? Certainly, says Mr. Jones, though businessmen are naturally cautious about spelling out their successes. One exhibitor let slip, however, that he had signed $3,500 worth of cash orders, with a possible $60,000 in the future. Others reported that they had made agency arrangements.

What did the 12,560 registered business visitors find so interesting in the Canadian display? They liked our magnesium snowshoes, vaulting poles, Eskimo parkas, skiwear, hockey sticks, water skis, skates, toboggans, curling sweaters, baseball bats, moccasins, Indian slippers, spinning reels, croquet sets, hunting and fishing clothing and—a big hit at other fairs—a ski-scooter. The competition, like the business, is increasing at the Chicago show; there were more clothing and toy manufacturers among the participants than ever before, though there was only one other national exhibit—from Belgium.

1st International Lisbon Fair

ORGANIZED by the Industrial Association of Portugal, the *1st International Fair of Lisbon* will be held this year from June 9 to 23. This fair has been an annual event for the past ten years—on a national products basis—but in 1960 the Industrial Association commemorates its 100th anniversary and is opening the Fair to international exhibitors. Information about the industrial sectors or categories under which space will be available, and about cost of participation, etc., may be obtained either from the Trade Fairs Abroad Division of the Trade Publicity Branch, Department of Trade and Commerce, Ottawa, or from the office of the Commercial Counsellor, Canadian Embassy, Lisbon.

Midwest Builders Like Our Woods

THE Department of Trade and Commerce, Ottawa, helps to keep Canadian woods before U.S. Midwest builders by setting up a display each January at the big *National Association of Home Builders Convention and Exposition* in Chicago. Canada had only one national rival at the last show—the Netherlands.

The cutaway model home that formed the display demonstrated new applications of woods in house construction and finishing; a striking innovation was a spiral birch staircase at the entrance. Representatives from the Department's Chicago and Ottawa offices and from the Canadian Lumbermen's Association and the Western Red Cedar Bureau helped answer questions from the businessmen and contractors—32,000 of them—who inspected the house during the five-day show.

Against Corrosion 1960

HAVING corrosion troubles? The Norwegian Industries' Development Association asks this question and plans to provide some answers at an interesting exhibition in Oslo from May 27 to June 3. The Association has secured the co-operation of the Norwegian Corrosion Research Foundation and has arranged the display to apply to all sectors of industry. The first highly successful exhibition, *Against Rust and Rot,* was held in 1954.

The displays will cover corrosion-resistant materials such as stainless steel, alloys, metals, graphite, quartz, fiberglas, etc.; corrosion-resistant coatings such as ceramic coatings, rubberizing, plastic coatings, walling, linings; surface treatment of iron and metals such as galvanic paint, phosphates, chemicals; sandblasting;

cathodic protection; anti-corrosion paints; proportioning equipment; preparations to prevent smoke-gas corrosion, and many others. Running concurrently with the exhibition will be study groups and courses arranged by the Norwegian Federation of Engineers and the Corrosion Research Federation, in co-operation with the Technical University of Norway. Information may be obtained from the Norwegian Industries' Development Association, Forskningsveien 1, Blindern, Oslo.

A Year's Rundown of U.K. Fairs

THE following trade fairs, recommended to Canadian businessmen by the United Kingdom Trade Commissioner in Canada, are open to overseas exhibitors.

MACHINE TOOLS—*International Machine Tool Exhibition,* London, June 25-July 8, 1960 (held every four years in June or July). Apply: The Machine Tool Trades Association, Brettenham House, Lancaster Place, London, W.C.2. (Participation only through accredited British agents who must be members of the MTTA.)

AGRICULTURE—*The Royal Show,* Cambridge, (site changes from year to year), July 5-8, 1960. Apply: The Royal Agricultural Society of England, 35 Belgrave Square, London, S.W.1.

FOODSTUFFS—*The Food Fair,* London, September 1-17, 1960 (held biennially in August or September). Apply: The Food Fair, 10 Mount Row, London, W.1.

HANDICRAFTS—*International Handicrafts and Do-it-Yourself Exhibition,* London, September 8-23, 1960. Apply: William Leah Esq., Link House Publications Limited, 24 Store Street, London, W.C.1.

COMMERCIAL MOTOR VEHICLES AND ACCESSORIES—*International Commercial Motor Transport Exhibition,* London, September 25-October 1, 1960 (held biennially in September or October). Apply: Society of Motor Manufacturers and Traders Limited, Forbes House, Halkin Street, London, S.W.1.

OFFICE EQUIPMENT—*National Business Efficiency Exhibition,* London, October 3-12, 1960. Apply: Office Appliance and Business Equipment Trades Association, 64 Cannon Street, London, E.C.4. (Participation through U.K. agents.)

AUTOMOBILES AND ACCESSORIES—*International Motor Exhibition,* London, October 19-29, 1960. Apply: Society of Motor Manufacturers and Traders Limited, Forbes House, Halkin Street, London, S.W.1.

LIVESTOCK, MACHINERY, DAIRY PRODUCTS—*The Dairy Show,* London, October 25-28, 1960. Apply: British Dairy Farmers' Association, 17 Devonshire Street, London, W.1.

BICYCLES, MOTORCYCLES, ACCESSORIES—*British Cycle and Motorcycle Show,* London, November 12-19, 1960 (held biennially in November). Apply: British Cycle and Motorcycle Industries Limited, Eaton Road, Coventry.

LIVESTOCK, AGRICULTURAL MACHINERY—*Smithfield Show and Agricultural Machinery Exhibition,* London, December 5-9, 1960. Apply: Smithfield Show Joint Committee (S.M.M.T.), Forbes House, Halkin Street, London S.W.1. For stock entries apply: Secretary, Smithfield Club, 3 Pierrepoint Street, Bath.

Exhibiting in the Caribbean

WITH interest in trading with Caribbean countries running higher every year and with the ground already broken by the successful all-Canadian trade fairs in Jamaica and Trinidad in 1959, Canadians might be interested in the following information about three forthcoming trade fairs to be held in Barbados, British Guiana and Jamaica. Foreign exhibitors are welcome at each.

BARBADOS—*Agricultural Fair,* Bridgetown, December (two days). Apply: Barbados General Agricultural Society, Bovell and Skeete Building, Lucas Street, Bridgetown.

BRITISH GUIANA—*Annual Industrial Exhibition and Fair of the League of Coloured Peoples,* Georgetown, October (usually about eight days in the first half of the month). Products include locally manufactured articles, plus imported household goods. Apply: Dr. Claude Denbow, 1 Commerce Street, Georgetown.

JAMAICA—*Denbigh All-Island Agricultural and Livestock Show and Fair,* Denbigh, July 30-August 1. Apply: Jamaica Agricultural Society, 10-12 North Parade, Kingston.

Trade Fairs on the Continent

AUSTRIA—*Vienna International Fair, Autumn,* (general), September 4-11. Apply: Direktion der Wiener Messe-AG., Vienna VII, Messeplatz 1.

Graz South East Fair, Autumn, (general), October 1-9. Apply: Grazer Messeleitung, Graz, Conrad-v-Hoetzendorfstrasse 67.

Innsbruck Fair, (tourist trade, agriculture) September 24-October 2. Apply: Innsbruck Messe G.m.b.H., Innsbruck, Maria-Theresienstrasse 45.

CZECHOSLOVAKIA—*International Trade Fair,* (general), Brno, September 4-18. Apply: Corporation for the Organization of International Trade Fairs and Exhibitions in Brno, Prague 2, Vaclavske N.17.

FRANCE—*International Food Fair,* Paris, October 15-24. Apply: R. V. Manaut, Président, 42 rue du Louvre, Paris.

National Ladies' Ready-to-Wear Salon, Paris, November 12-21. Address: 35 rue Etienne-Marcel, Paris.

ITALY—*24th Fair of the Near East,* (general), Bari, September 4-19. Apply: Autonomo Fiera del Levante, Campionaria Generale Internazionale, Bari.

20th International Fair for Fishery and Related Activities, Ancona, June 25-July 10.

LUXEMBOURG—*International Fair of Luxembourg,* (general), May 26-June 5. Address: Société de la Foire Internationale de Luxembourg, Halls d'Exposition, Avenue Victor Hugo, Luxembourg.

NETHERLANDS—*International Fall Trade Fair,* (general), Utrecht, September 12-17.

POLAND—*Poznan International Trade Fair,* (general), Poznan, June 12-26.

SPAIN—*International and Official Samples Fair,* (general), Barcelona, June 1-20. Apply: Palacio No. 1 (Barque de Montjuich), Barcelona.

National Samples Fair, (metallurgy and chemistry), Bilbao, August 11-31. Apply: P.O. Box 468, Bilbao.

SWITZERLAND—*Comptoir Suisse,* (general), Lausanne, September 10-25.

YUGOSLAVIA—*Zagreb International Fair* (general), Zagreb, September 10-25. Apply: Zagreb International Fair, Zagreb.

4th International Fair of Technics (industrial goods), Belgrade, August 23-September 2. Apply: Belgrade International Fair, 14 Bulevar Vojvode Misica, Belgrade. Note: The Yugoslavian Commercial Secretary in Canada informs us that 21 square metres of free space for a business information centre is being allocated to Canadian firms.

Paints and Varnishes

The Market in Mexico

Thriving domestic industry leaves little room for imports, except of automotive lacquers or special finishes.

G. E. BELANGER, *Office of the Commercial Secretary, Mexico, D.F.*

THE paint industry in Mexico is well established and supplies about 95 per cent of the domestic market; imports are confined to specialized types where volume does not yet justify local production. Paint is extensively used in this country and the bright, contrasting colours reflect the Latin temperament of the people. Protective paints and anti-corrosives are valued in the humid tropical areas and along both coasts.

The first paint factory in Mexico was started in 1893. By 1940 twenty-two were in business and by 1950 the number had more than doubled. At present there are about 120 factories. Some 35 per cent are affiliated with foreign parent corporations, principally the well known U.S. paint companies such as Sherwin Williams, Dupont, and Pittsburgh Paint. The twelve leading paint companies in Mexico—seven with foreign affiliations and five wholly-owned Mexican firms—represent over half the total production. The remainder comes from a multitude of small operations located throughout the country.

Sales by the paint industry are expanding at an average rate of 8 per cent a year. Total annual gross income at present exceeds 500 million pesos (U.S.$40 million). Financial investment in the industry is substantial and working capital is estimated at 150 million pesos (U.S.$12 million). It is not possible to ascertain the extent of foreign financial investment, but it is known to be substantial. Most of the companies, however, have a certain share of Mexican capital. At present the industry is producing 200,000 litres a day. However it could if necessary soon be geared to produce close to 600,000 litres. It is expected that production will rise because of new residential and industrial construction planned for this year.

The paint industry makes an important contribution to the Mexican economy. It provides employment for over 3,000 workers and in addition it is an important customer for certain domestic primary materials. Some of the raw materials used are listed below; the majority are now available from local sources.

Raw Materials	**Annual Consumption**
Mineral spirits	5,400,000 litres
Toluene	2,400,000 "
Xylene	1,920,000 "
Titanium dioxide	3,000 tons
Lithopone	1,000 "
Linseed oil	3,000 "
Castor oil	1,200 "
Phthalic anhydride	700 "
Containers of all sizes	$16,000,000 pesos (U.S.$1,280,000)

As a further indication of the progress the Mexican paint trade has made in recent years, it is estimated that 87 per cent of the plants maintain their own laboratory facilities.

The various types of paints and finishes now made are:

	Type	Use
Enamels	Synthetic	Automotive refinishing assembly
	Oil base	
	Varnish base	Industrial Domestic
Lacquers		Industrial (main consumer) Automotive refinishing assembly
Paints	Emulsion Oil Varnish	Domestic
Varnishes		Furniture, floors, etc.
Anti-corrosives	Synthetic Vinyl Oil base	Marine Metals Special purposes
Thinners		Lacquers Enamels Paints Industrial
Inks		Writing Printing—duplicating newspaper industrial

Imports Remain Low

The total value of Mexican imports under the general heading o varnishes and prepared colour from 1956 to the first ten months of 1959 were as follows:

1956	$1,476,000
1957	1,228,500
1958	1,061,000
1959 (ten months)	971,000

These totals are broken down into the seven general classifications in Table I, right. Altogether total annual imports represent less than 5 per cent of the entire Mexican paint consumption.

Imports of prepared varnishes and paints, (Group number 1, Table I) have been small in recent years, and comprise principally lacquers used by the automotive industry. This general classification covers several types of preparations which are given in further detail in Table II.

The market for imported varnishes and prepared colours, with the exception of automotive lacquers, is limited. Most of these automotive finishes, however, are imported either by Mexican paint firms from their parent U.S. companies or by the automotive assembly plants directly from their affiliates. At best, this market might take certain specialized preparations not manufactured locally, where volume is very small.

With the exception of three tariff items which cover lacquers, specialty colours and some flush paints, all imports of prepared finishes and colours are subject to import licensing. This control has been established by the Mexican Government as a means of reducing the entry of foreign-made products in order to provide protection for the domestic paint industry wherever necessary.

Canadian paint exports to this market have been negligible and at present sales prospects do not appear bright. In 1956, we sold $3,040 worth of paints, n.o.p., and last year only $1,489.

A limited volume of business might be done in specialized paints and finishes for specific industrial and commercial applications. These could best be handled through a local agent who could provide a

TABLE I

Group	1956	1957	1958	1959 (10 months)	Remarks
	(in thousands of U.S. dollars)				
1. Varnishes and prepared colours	679	539	397	345	Principal import group and further detailed in Table II.
2. Varnishes, polishes, colours for footwear and leather	292	248	271	179	
3. For aluminizing, bronzing and similar in powders	232	212	208	179	Mainly imported by the paint industry for its use.
4. Enamels				77	New tariff put into effect in 1959. Refers to porcelain enamels.
5. Inks	132	85	44	39	Writing inks.
6. Inks	128	121	118	117	Printing inks.
7. Paintboxes with or without any kind of painting requisites	21	22	22	33	Artists' supplies.

TABLE II

"Varnishes and prepared colours, other than for footwear and leather, with a basis of oils, ethers, alcohols, rubber and paraffin wax".

Description	1958	1959 (10 mos.)	Import Permit Required	Ad Valorem Duty	Principal Supplier 1959
	(in thousands U.S. dollars)				
Pigments dispersed in oils or resins containing up to 85 per cent fixed materials	2.3	1.8	yes	50 per cent	United States
Same as above but containing over 85 per cent fixed materials	3.2	11.9		45 per cent	United States

These two classifications above cover paint pigments and "flush" paints, used to a large extent by the paint industry and imported as artists' pigments.

Description	1958	1959 (10 mos.)	Import Permit Required	Ad Valorem Duty	Principal Supplier 1959
Pigments dispersed in emulsions of water or oil, for printing of textiles	2.8	1.4	yes	10 per cent	United States
Dispersed pigments with a basis of fish scales (nail polish, etc.)	6.9	12.6	yes	10 per cent	United States
Varnishes and colours with a basis of alcohols or ethers	261	212.8		50 per cent	United States

This is the largest single Mexican import of these products and includes lacquers imported by the automotive industry for assembly and refinishing purposes.

Description	1958	1959 (10 mos.)	Import Permit Required	Ad Valorem Duty	Principal Supplier 1959
Colours in a solid state with a rubber base	16.4	10.3	yes	7 per cent	U.K., France and United States
Mixtures for machine ribbons or carbon paper	49	57		15 per cent	United States
Varnishes and prepared colours up to 5 kilos in weight, n.o.p.	18.9	13.6	yes	70 per cent	U.K., Netherlands, United States
Varnishes and prepared colours weighing over 5 kilos, n.o.p.	36.6	22.7	yes	60 per cent	United States

The last two tariffs are of a general classification, and cover those products which do not meet the specifications in the preceding tariffs.

report on the demand for the particular product offered.

Legal weights and liquid measures for this territory are the kilogram (approximately 2.2046 pounds), and the litre, (0.264 U.S. gallon). However, initial quotations may be given in pounds and U.S. gallons. Price quotations should be in U.S. dollars, at the fixed rate of exchange of 12.5 pesos to U.S. $1.00.●

The Market in Central America

Chances to sell mixing components and chemicals for paints, competitively priced, should improve, as local paint manufacture is proceeding rapidly.

R. M. DAWSON, *Assistant Trade Commissioner, Guatemala City.*

DYNAMIC changes have taken place recently in the market for paint products in Central America. The new plants that are being established have curtailed the opportunities for foreign paint manufacturers and instead provide a growing market for paint chemicals.

Six paint plants of varying size are currently in operation or being completed in Central America—a small area with a total population of approximately ten million. The industry estimates the over-all market for paints at $4½ million a year. In spite of the fact that local producers and long-established U.S. paint manufacturers currently share this market, projects to establish paint plants are being contemplated and at least two of these could be heading for completion. Doubts have been expressed whether all the paint plants that will eventually operate in Central America can, in spite of much smaller imports of U.S. paint, make a profit. A reasonable profit should be possible for four efficient local operators but whether additional factories could earn a satisfactory return on investment is more doubtful.

The largest paint plant currently operating is the PINCASA factory in Guatemala which turns out 500,000 gallons a year, and this capacity can be increased economically up to 2.5 million. The second largest is the Sherwin-Williams plant just being opened in El Salvador. These two, if they operated at full capacity, could supply the entire Central American market but must compete with two others which are already well established—PINSAL in El Salvador and KATIVO in San José, Costa Rica, which will also have a mixing plant soon in Managua, Nicaragua. Unless one of the other large U.S. producers sets up a local subsidiary, these four companies are expected eventually to control the local paint market.

The drive for Central American economic and industrial integration has attracted the attention of investors and hastened the evolution of the paint industry more than any other. The Central American Multilateral Free Trade and Integration Treaty, which is operating among all except Costa Rica, with a customs union, does not yet include paints in its duty-free list; however, most countries have made bilateral agreements with each other to cover this item. This duty advantage to be accorded all Central American neighbours will, in time, further reduce the dependence on paint from outside sources, which must pay high import duties.

Paint Widely Used

Applications for paint are more varied in Central America than in Canada. Wallpaper is seldom used here and, except for Costa Rica which has considerable wooden construction, the interiors of most homes have a rough cement finish covered with masonry paint, usually of the latex type.

Calcimine is still widely used although the paint industry has been conducting a promotion campaign to point out the advantages of using latex paints on exterior surfaces. The paint industry claims that paint protects better, maintains a clean appearance over a longer period, and can be applied any time of year, in contrast to calcimine which can only be applied during the dry season.

Severe weather conditions in Central America contribute to the relatively high consumption of paint. The hot sun, alternating with heavy rains, weathers surfaces badly and, because paint is essentially a protective covering and only secondarily decorative, both the exteriors and interiors of most buildings are covered with it. In keeping with the Spanish style of architecture, most homes are surrounded by high walls the surfaces of which are also usually painted. An official of a Guatemala paint factory has stated that, because of local weathering conditions, residential application of paints in the area should eventually exceed that of the United States and Canada on a per capita basis, because consumption trends are already pointing in that direction.

Typical of the type of paint factory recently established in Central America is the PINCASA plant inaugurated in Guatemala last year. This plant is partly owned by the

Glidden Company and manufactures under the Glidden label. Within a year sales have exceeded projected sales for two years, and the management is optimistic about continued expansion. Synthetic resins are expected to be produced soon by a local varnish plant.

Raw Materials Imported

Most of the chemicals and raw materials used in the manufacture of paints and varnishes are imported from the United States, although European and Japanese suppliers are expected to offer increasingly competitive prices, since the U.S. appears to be pricing itself out of the market for raw materials. At present, the Guatemalan factory purchases titanium compounds from Germany at prices well below U.S. offerings. This field should prove increasingly interesting to Canadian chemical firms who are able to offer competitive products for the local paint industry. Recently one supplier came down from Canada and secured good orders.

Central American plants like PINCASA hope in time to use locally produced ores and materials for their paints and varnishes. Calcium carbonate, magnesium silicate, mica and asbestos are all found in Guatemala, and plans are going forward to make these available for local paint-makers.

There is no market for Canadian paints and varnishes under present conditions. The large U.S. suppliers, either singly or in combination with Central American paint manufacturers, have covered the area by providing considerable financing for local retail outlets. Consequently, the only way to interest anyone in a new paint line is to offer products on consignment—something that no paint manufacturer seems prepared to do. The opportunities for well-priced mixing components and chemicals, however, will continue to expand and increasing attention might well be paid to this area by Canadian and other suppliers of these materials. This is the trade trend now in Central America. ●

Cuba Grows More Potatoes

CUBA is harvesting a bumper potato crop this year, with yields in some regions reaching 20 to 1, compared with normal yields of 10 to 1. The crop grown from imported seed is expected to be 40 per cent larger than in 1959—in fact, although exact figures are not available, it will probably rise substantially above the long-term average of 2.5 million cwt. In addition, the expected harvest of "Titina" potatoes from local seed is 200,000 cwt.

Canada has contributed to this success, because about 80,000 cwt. of seed from Canada was planted in Cuba last fall, in addition to over 100,000 cwt. of U.S. seed. Plantings totalled about 30,000 cwt. more than in the previous year. Both red and white varieties were planted, with red predominating.

With ample supplies of potatoes being harvested, Cuba is now looking to Canada and the United States as possible customers for about 300,000 cwt. of table stock during the early spring months. In return, she will probably be in the market for supplies of table stock during August-October and for seed potatoes to plant during the final quarter of the year.

Ten-Point Program

In previous years, the potato trade in Cuba has been closely controlled by a number of large commercial houses in Havana. They imported the seed, made loans to the small grower to finance his crop, and then bought and distributed it. During 1959 the National Agrarian Reform Institute (INRA) changed this system radically. This powerful government agency is now carrying out a ten-point program to reform the potato industry, as follows:

1. INRA is to be the sole importer of seed potatoes.

2. Planting quotas will be redistributed, giving more seed to the small growers and limiting the acreage of large ones.

3. INRA will finance the individual growers at the rate of $21 per cwt. planted, at interest rates of 4 to 6 per cent.

4. INRA will purchase the entire crop at a guaranteed price, currently $3.50 per cwt. at the field.

5. Cold-storage capacity is being increased to about 500,000 cwt., so that more Cuban potatoes may be held over to fill the gap in the late summer and lessen dependence on imported table stock.

6. The price to the Cuban consumer is pegged at 6 cents a pound.

7. Domestic production is being increased, with an additional 1,000 acres planted to potatoes in some 15 growers' co-operatives established by INRA.

8. Experiments on planting potatoes in April and May are being carried out in selected mountain areas where the climate is cool.

9. INRA is establishing a nation-wide distribution scheme for potatoes, aimed at keeping down the retail price.

10. Under the direction of the Potato Section of INRA, the Potato Growers Association is being strengthened and enlarged. ●

—R. R. PARLOUR, *Commercial Secretary, Havana.*

Canada Goes to th

To remind the British public that it can again buy Canadian goods in great variety, and to discover how the U.K. market has changed in twenty years, the Department of Trade and Commerce sponsored Canadian participation at one of Britain's biggest fairs.

S. G. TREGASKES,
Commercial Secretary, London.

THE relaxation of import controls in the United Kingdom during the last six months of 1959 has made it possible for Canadian producers of foods and of manufactured consumer goods to look once more to Britain as a potential market. To take quick advantage of these new opportunities, the Department of Trade and Commerce determined to sponsor and promote a display of miscellaneous Canadian products at a large public exhibition. The Ideal Home Exhibition was selected for this purpose. Held under one roof at Olympia, London, it is the largest exhibition open to the public in Britain. This year it opened on February 29 and closed on March 26, and ran from 10.00 a.m. to 10.00 p.m. every day except Sunday. It attracted 1,165,000 people.

In the 22 years since Canada's last participation in a public exhibition in the United Kingdom, the British market has changed to an extraordinary degree. In the interval, many products formerly imported from Canada have become available in Britain itself. New sources of overseas supply have been developed for others, and some Canadian products that were household words during the thirties have been forgotten or are totally unknown to the younger generation.

The composition of demand has changed too. Both production and consumption in Britain have risen substantially and the general prosperity throughout the country has permitted most families to purchase household goods, durable consumer products, automobiles, etc., in unprecedented numbers. Many of these were beyond the pocketbook of the average man in prewar days. Cost-structures, too, have changed radically both in the United Kingdom and Canada; consequently the competitive position of many Canadian manufactured goods needs study. The growth of multiple chains, the introduction of supermarkets, mail-order selling, and the acceptance by the British public of instalment buying have all transformed distribution methods. During the past two decades, many old connections of Canadian firms with British companies have been broken; some firms have gone out of business, and

Bernard Braden, well known Canadian actor who now makes his home in Britain, examines in a knowledgable way the latest in outboard motors in the section taken over by 85 Canadian manufacturers of a wide variety of consumer products.

ARD MARINE
UISER

deal Home Exhibition

British women found the display of household appliances enthralling; many of them remembered from prewar days some of the Canadian firms exhibiting. Here Lady Baxter, wife of Canadian-born Sir Beverley Baxter, M.P., tries out an ironer.

former business associates or representatives have died, resigned, retired or gone into other classes of work.

Objectives Outlined

The Department of Trade and Commerce had therefore several objectives in mind in entering the Ideal Home Show. Among them were:

- To make a dramatic impact on the British public, advertising the fact that Canadian goods are back in Britain after a 20-year absence.
- To try to determine whether or not the British public will once again accept Canadian merchandise and food products.
- To help Canadian manufacturers discover whether or not the products they exhibited were competitive with similar products already available in the United Kingdom—not only in price but also in design, packaging, range of sizes offered, novel or unique features, servicing, deliveries, terms of payment, convenience, finish and quality.
- To afford opportunities for Canadian companies to make new trade connections and business contacts.
- To make British buyers aware that they can now import Canadian goods of this type without restriction.
- To focus the attention of Canadian manufacturers on the United Kingdom as a potential market and to attract a number of them to Britain to undertake a market survey for their products.

Displays in Three Sections

To achieve these objectives, the Department participated in three separate sections of the Exhibition. In co-operation with the British Columbia Lumber Manufacturers' Association, a Canada Trend House was built, featuring the interior and exterior uses of Canadian woods in timber-frame house construction. A number of Canadian appliances and household products were used in furnishing this house, which attracted a great deal of attention and much favourable publicity. Long queues waited patiently each day to see it and by the end of the Exhibition more than 200,000 people had passed through it.

Thirty-five Canadian producers of food products had booths in the international food section in the gallery of one of the three halls; they featured cheese, canned fruits, canned fish, frozen foods, fruit juices, nuts, honey, macaroni and spaghetti, processed and smoked meats, pickles, baking products, spices, confectionery, etc.

Eighty-five Canadian manufacturers of consumer goods had space allocated in a separate area on the same floor, featuring all types of electric and gas appliances, heating equipment, clothing and accessories, fabrics, footwear, furniture and furnishings, sporting goods, tools, toys, dolls, games, etc. Of the 120 Canadian firms participating, 35 had agents or distributors in the United Kingdom or the Canadian company sent executives from Canada to supervise their display; these companies could be given stands of their own. Eighty-five Canadian companies sent samples of their products and these were attractively arranged in composite sections under the control of the Commercial Division of Canada House. Companies which had stands were able to offer samples of their products to the public, to sell over the counter, and to accept orders for future delivery. Actual sales during the exhibition totalled nearly

$500,000 and a preliminary assessment of new business likely to be forthcoming to Canadian companies during the next year as a result of participation in the exhibition suggests that a figure of $10-$15 million is not unreasonable.

Canadian Goods Welcomed

The Canadian displays in the Ideal Home Exhibition proved successful and the objectives of the Department of Trade and Commerce in entering it were achieved. The British public showed great interest in the Canadian exhibits and thousands of visitors expressed their pleasure at seeing Canadian products offered once more. Many remembered the quality of Canadian goods from prewar days, and Canadian companies which had done business in Britain during the 1930's were welcomed back as old friends. Some of them have interesting stories to tell. Typical is the experience of Beatty Brothers Limited of Fergus, Ontario, whose washing machines were so well known in Britain before the war. The Beatty Brothers stand attracted many visitors who had owned a Beatty washer for 25, 30, even 40 years and who were continuing to get excellent service from it. One lady announced that she had had her Beatty machine for 46 years, that it was still doing an excellent job, and that she could see no reason for buying a new machine. The model she owns is a wooden tub machine with a hand wringer, and the manufacturers had thought that the last model of this type disappeared from homes years ago.

The Exhibition proved conclusively that there is a large and receptive market in Britain for many Canadian consumer products. It proved too that the British are still perhaps the most discriminating and selective shoppers in the world; the British housewife continues to expect good value for her money and will not accept shoddy or inferior merchandise. Canadian exporters who are looking towards the British market must be prepared to ship only their best to Britain. They must compete here with practically every country in the world but the competition is no more difficult than they face in the domestic market.

What the Exhibitors Said . . .

"The U.K. consumer is demanding better products and competitive prices. Canadian appliances represent in their estimation the ultimate in consumer goods. They felt our retail prices were in line and we have no doubt there is a big market for Canadian goods of all kinds if proper distribution and service facilities are set up."

—S. J. Randall, President and Managing Director, General Steel Wares, Limited, Toronto, Ont.

"This Ideal Home Show has absolutely floored me. I live in Regina, Sask., and while I have attended many exhibitions I have certainly never seen crowds like this. Last Saturday they were passing by our booth at least twenty deep . . . This in my estimation is the finest way that we could have embarked upon this English market. We were able to let a large number of people learn of our return . . . Our sampling proved that the English people like quality merchandise and will pay quality prices."

—Al Muller, Western Canadian Representative, Planters Nut and Chocolate Co. Ltd., Toronto.

"Naturally, as agents, we very rarely come into contact with the consumer public. However, for the last nine days, we have talked con-
tinually with visitors to the Exhi
tion about Canadian Canne
famous Aylmer products. Samp
of corn, tomato juice, peaches, pe
and asparagus have been given fr
to the public and the reaction
been most rewarding. Sales ha
soared and as a result, we have
last, after nine months of spad
work, been able to persuade la
buyers to take an interest in all
the Aylmer range of products .
We were able to encourage a la
multiple to stock the Aylmer pro
ucts. This is invaluable!"

—Michael Brown of B.
Sexton, Ltd., U.K. agents
Canadian Canners Limit
Hamilton, Ont.

"First of all, by exhibiting at
exhibition like the Ideal Hor
you have a chance to talk to
public who are interested in cent
heating and get their opinions f
hand. Also the builders and
architects come along in fair nu
bers and express their opinions.
have had an opportunity to quo
and to collect plans from build
for houses they are currently bui
ing. In fact, we have enough wo
coming out of this exhibition
keep all of our salesmen busy
possibly one or two months."

—George Rooney, Manag
Director, Lincoln Furna
Ltd., subsidiary of Bar
Scott Manufacturing Co. Lt
Hamilton Ont.

What Exhibitors Discovered

The Ideal Home Exhibition also served to emphasize the extent of the potential market in the United Kingdom. Remember that there are as many people living within 75 miles of Piccadilly Circus as there are in all of Canada. If a product has consumer acceptance in this country and is competitive, it is not always necessary to think in terms of the whole United Kingdom market. Indeed, many Canadian manufacturers might have difficulty in coping with orders in this event.

Vhat the Exhibitors Said . . .

t has been an ideal opportunity to
t the reaction of the public to
r products—that is, flour, cake
ixture and breakfast cereal—all
which were previously unknown
this market . . . We have received
ımerous inquiries from the public
to where our products can be
tained, and have sold consider-
le quantities in bulk to individ-
ls. As a result of an adhesive
bel on each packet sold, asking
r the buyer's opinion of the
oduct, we have only received
ters telling us how good our
oducts are. This Exhibition has
ainly shown us that a market
ists for our products and that, by
d large, our prices are in line with
nilar products already marketed
re."

—Maple Leaf Milling Co. Ltd., Toronto, Ont.

was our intention to re-enter the
itish market in any case, but we
ınd the Ideal Home Exhibition
excellent means of producing
ds to interested distributors, thus
ing a much quicker build-up than
would have achieved otherwise.
e expect to achieve a minimum
ss turnover of £60,000 in the
r ending March 1961. We got
5,000 gross in orders for indi-
ual farm freezers at the Exhi-
ion."

—Lloyd G. McKee, President, Universal Cooler Co. Ltd., Barrie, Ont.

"The interest shown in our products has been enormous. The interest in design, the interest in new models, the looking forward to the future seemed to have captured the imagination not only of the utility companies' representatives who have been along in large numbers, but also of people who want to apply for our franchise in certain towns around the U.K. The actual volume of business done at the fair has been most encouraging and we would say to any Canadian manufacturer who wants to size up the English market, come to the Ideal Home Exhibition and you will get a really good cross-section of the people, from dealers to individuals."

—H. W. Earthrowl, Managing Director, Moffats Limited in the U.K.

"Canadian Westinghouse are very grateful to have had the opportunity to show their goods in the Trend House. It has brought us numerous inquiries . . . not only for the coffee percolator and iron and the transistor radio sets, but also for refrigerators and the ovens, which have excited tremendous interest. The English public are very impressed with the finish of the Canadian goods. Arrangements have been made with Harrods Limited to handle the sale of our consumer products in the United Kingdom."

—Lady Pound, Canadian Westinghouse Co. Ltd. representative at the Exhibition.

Perhaps the London area, the Midlands, Scotland or Northern Ireland offer a sufficient initial market for a Canadian exporter's excess capacity. As his position becomes consolidated, he can expand market coverage gradually.

A further fact that the Exhibition revealed is that few importers or buyers in large organizations in Britain are aware that goods of Canadian origin or manufacture are eligible for entry to the United Kingdom under Commonwealth Preference. Generally speaking, merchandise and food products and raw materials from Canada are eligible for duty-free entry or else come in at a rate of duty lower than that applied to such products from non-Commonwealth sources. Canadian companies which do not know the duty position in the United Kingdom for their products may obtain the information from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa, or the Minister (Commercial), Canada House, London, England. Once this rate has been determined, the firm should repeat it on every possible occasion in its correspondence or contacts with British companies.

As a corollary, Canadian subsidiary companies should investigate the export position of their parent companies outside of Canada vis-à-vis the British market. Many subsidiaries were established in Canada following the Ottawa Conference of 1931 to take advantage of Commonwealth Preference. In some cases this attractive feature has lapsed or has been forgotten during the last 20 years. Frequently we find that the parent companies in non-Commonwealth countries are exporting products to the United Kingdom that are subject to a duty ranging perhaps from 10 to 30 per cent. Purchase tax in the United Kingdom, where applicable, is assessed on the duty-paid value of the goods, and to this must be added wholesale and retail mark-ups. When these same goods are manufactured or produced in Canada and shipped from there, they usually enter duty-free and the ultimate retail value (because of this pyramiding of costs) can frequently be reduced by as much as one-third.

Entering the Market

The Exhibition emphasized also the necessity of having as complete price information as possible from Canadian manufacturers. To undertake market investigations on their behalf the Commercial Division, Canada House, needs to know:

1. The landed price—that is, c.i.f. price U.K. port for the merchandise. It is useless to mention the retail price in Canada and nearly as useless to give an f.o.b. price Canadian port.

2. The packaging methods used.

3. The Canadian content of the article (labour and material), in order to determine the duty position.

4. The composition of the product —for example, garments of Canadian manufacture when made of cotton or wool are permitted duty-free entry. If, however, the garments contain artificial fibres or silk, the duty position may be different.

5. Delivery position.

Canadian companies are reminded that in addition to several first-class annual public exhibitions in the United Kingdom such as the Ideal Home Exhibition, there are literally hundreds of international trade exhibitions held here each year. There may well be a suitable trade exhibition for your products and you can obtain guidance on this point from the Minister (Commercial), Canada House, London, England. The Ideal Home Exhibition will be held again in March 1961 and companies which consider it a suitable place to feature their products are invited to make their interest known by writing to the Department of Trade and Commerce, Ottawa. ●

At the Ideal Home Exhibition . . .

"Trend House" Promotes Canadian Timber

More than 200,000 Britishers queued up to go through a bright, modern, split-level house, designed to demonstrate timber-frame construction and built with Canadian woods.

E. J. WHITE, *Commercial Secretary (Timber), London.*

THE Canada Trend House, built especially for display at the Ideal Home Exhibition, was sponsored jointly by the Canadian Government and the British Columbia Lumber Manufacturers Association. It was aimed directly at the public —the potential private owners— and represented the culmination of several years of promotion work with the professional groups involved in designing, building and financing houses. During the Exhibition, it attracted over 200,000 people who waited in a queue to go through it.

Designed by a British architect, Peter Barefoot, constructed, furnished and decorated by a British firm, and featuring, in addition to Canadian lumber, other manufactured products from Canada, the Canada Trend House demonstrated a practical approach to this market because all materials used are readily available in the United Kingdom and the house was designed to meet the British bylaws. In fact, it was a replica of a house designed by the architect for a client in Essex.

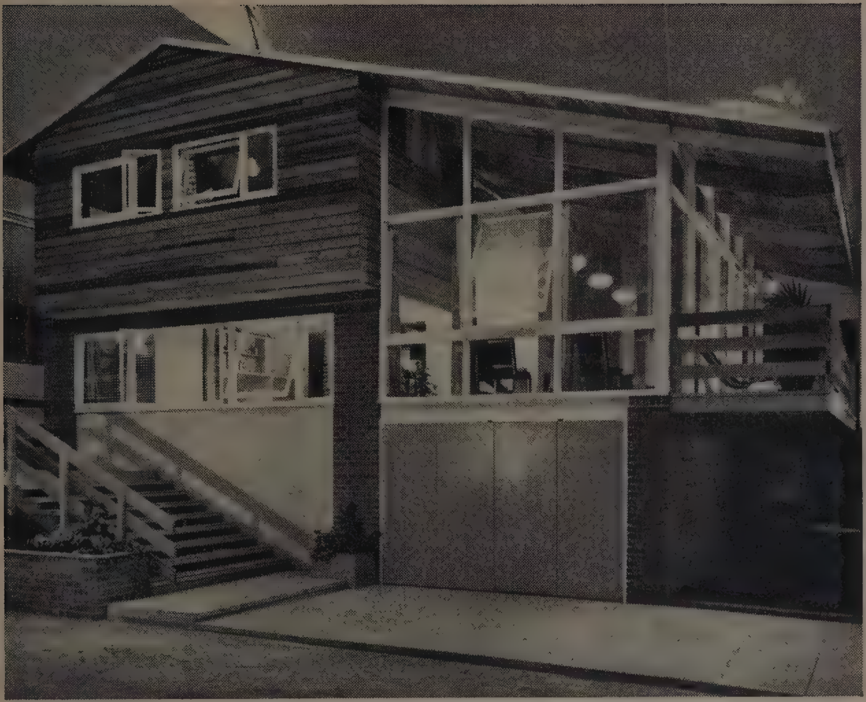
Part of Larger Program

Text, pictures, drawings and films are useful in promoting Canadian lumber and timber-frame techniques in building, but nothing can equal a practical demonstration through the exhibition of an actual house. The Canada Trend House was designed and built to demonstrate these techniques to the British public, to show that timber products can be readily incorporated into contemporary dwellings, and to obtain the public's reaction to this type of construction.

The House was just one part of a preliminary and continuing program in Britain to encourage the increased use of Canadian lumber in housing, particularly in timber-frame construction. Despite the fact that there have been (and still are) certain traditional prejudices against the use of lumber in housing in the United Kingdom, housebuilders remain the largest single end-users of lumber. The per unit consumption, however, is limited, and trade promotion has been aimed at increasing this figure by removing such prejudices. As a result of concerted efforts in this direction, financial, regulatory and specifying authorities have indicated their willingness to accept lumber for house construction if they can be convinced that there is public demand for it. The Canada Trend House project was an attempt to analyze, stimulate or create this demand.

Split-Level Plan

An open, split-level plan was chosen for the Trend House to demonstrate the flexibility of timber-frame construction and to emphasize the scope it affords for distinctive architectural treatment plus economical use of land. Combining standard timber-frame construction with post-and-beam construction, the Olympia house was built with a framework of Pacific Coast hemlock surfaced to Canadian lumber standards. The low-pitched roof with its projecting eaves was formed by nominal two-



This side view of the split-level Canada Trend House displays to advantage the overhang of the roof and the sun-porch at the front. Western red cedar was the exterior siding chosen for the upper floor, with brick veneer and stucco below.

inch-thick tongued-and-grooved planking of Western red cedar—an innovation in the United Kingdom market. Douglas fir was used for the balcony and staircase. Canadian hard maple strip flooring provided a bright and durable finish for the living-room floor; Pacific Coast hemlock was used for the bedroom floors. Canadian Douglas fir plywood was used as sheathing for the structural lumber frame and also in decorative form as occasional panelling. To demonstrate the versatility of exterior siding materials, Western red cedar was used around the upper floor and brick veneer and stucco on the other exterior wall areas. Several cutaway sections were included to show actual construction techniques, both interior and exterior. Canadian yellow birch plywood in natural finish was used for kitchen cabinet doors, and plastic laminates from Canada for counter tops and drawer fronts and occasional panelling in the kitchen, bathroom and cloakroom. Because it was a timber-frame house it was possible to demonstrate the use of central heating and how simple it is to install. The Canadian-manufactured oil-fired furnace had a ducted warm-air circulating system, the cost of which seemed surprisingly reasonable to most inquirers.

Technical Merits Demonstrated

Canadians tend to take timber-frame construction for granted, but it is necessary in the United Kingdom to bring its merits to the attention of home buyers as well as to the professional authorities involved in setting standards of house design, construction and finance. They must be shown that frame houses are better insulated than traditional ones and that substantial savings in fuel can be achieved, whether or not controlled central heating is included. It must be demonstrated to them that frame houses can be completed in about half the time that conventional houses require. The main structure and roof can be built quickly and finishing work both inside and out continued under cover—with the result that dwellings become habitable the day the builder leaves the site. Semi-skilled labour is used as effectively as possible so that the craftsman can be employed where his skill makes the fullest contribution to sound construction.

It was possible in the Canada Trend House to provide inquirers with information on possible adaptations of the design, because frame construction gives scope for individuality and flexibility with economy. Exterior finishes can include timber siding, brick veneer, stone, stucco or tiles.

One of the big features of the Canada Trend House, because it was constructed by timber-frame methods, was the ability to prefabricate or preassemble large sections for re-erection on a building site after the Exhibition. The value of this was exemplified when the other homes in the Exhibition had to be completely demolished, brick by brick, after the show.

Many Inquiries Received

The dominant impression left with those who staffed the Trend House was that the home-buying public is receptive to new ideas in construction and planning and reveals little of the conservative prejudice so often cited as justification for unenterprising design. Interest goes far beyond superficial appearance. Over 3,500 inquiries for information on the materials used in the house were received in the special inquiry and display area. Officers staffing the house were questioned closely about technical matters of all kinds and especially about the thermal insulation, comparative costs, and the maintenance of timber buildings. The popularity of wood was evident and the architect's split-level, open-plan scheme for the Trend House made the most of this appeal. But among technique-minded viewers—including a surprising number of young people without professional pretensions—there was just as much interest in the way a timber-frame house is built. The cutaway panels in the wall structure made this clear to them.

Although the Canada Trend House was aimed at the public, pre-mailing invitations were sent to some 35,000 architects, builders, officials of building societies, engineers and local authorities. Many architects, builders and people connected with the timber, joinery and prefabrication industries visited the house and there were opportunities for fruitful discussion about Canadian timbers, grading and applications in Britain. Representatives of local authorities, insurance companies and building societies also inspected the Trend House. Comment in almost every instance was encouraging and indicated recognition that timber-frame construction has a future in the United Kingdom. One senior representative of the building societies declared frank support for the system. "I believe we can go all the way with a house like this," he said.

The architect, Mr. Peter Barefoot, who operates from Ipswich, Suffolk, received many serious inquiries about supervising houses based on the Canada Trend House, or about designing timber-frame houses for individuals adapted from the Canada Trend House. As a result, he has arranged to open an office in London to deal with clients (most of whom are in the London area) and he is looking forward to many fruitful projects as a result of this participation.

Market Outlook

Canadian lumber exporters can be optimistic about the United Kingdom market if the results of the 1960 Ideal Home Exhibition are any indication of future trends in lumber consumption for housing. With one exception, all houses erected in "The Village" had some exterior siding in lumber, whereas a few years ago lumber was conspicuous by its absence. Four of the eight houses used Western red cedar for this purpose. Interior panelling in wood was also common this year. Although these materials might be considered decorative specialties, the interest in using lumber structurally was expressly demonstrated in the Canada Trend House and here softwood dimension will find its major outlet.

The Visitors Said . . .

"The timber has been used to best advantage and gives an appearance that is both natural and sophisticated."

"Another quite unique feature is . . . the rather large balcony with the large overhang of the roof, completely sheltering it from extreme weather conditions, and yet having all the features of a nice sun lounge."

"Looking at the kitchen, the serving hatch, and the little breakfast room . . . they are any woman's dream. I would give my eye teeth for something like that."

"The general effect is so modern and clean that I don't think the house would date no matter how long you had it."

"I very much like the use of a separate room for your central heating which can also be used for a laundry room."

"I like the size of the house; usually we get small rooms in England . . . I like the large windows; the lounge is wonderful with the enormous windows and the suntrap at the front."

"We believe that the roof construction is something unique in this country and affords a very high insulation value, with a most attractive appearance inside."

"I note the enormous interest that Britishers in general are taking in this new type of design, light, airy, easy to maintain, and extremely cheerful for the housewife to work in."—Garfield Weston.

For the structural members of timber-frame houses, dressed lumber is essential, whether houses are constructed "in situ" or factory prefabricated. Comments by builders who have used Canadian lumber dressed to Canadian lumber standards indicated the desirability of pursuing this feature in future trade promotion. They expressed the opinion, well known to Canadian builders, that dressed lumber is essential to speedy handling, easy working and fast, accurate assembly. Dressed lumber may have the same value as rough lumber or it may be cheaper, but when application becomes involved, the savings in cost are obvious.

Because most Canadian lumber producers are now manufacturing to Canadian lumber standards, and since no other major supplying country is currently producing to these sizes, availability and continuity of supply are essential to the successful implementation of timber-frame techniques using Canadian timber in the United Kingdom. Canadian exporters should study means of assuring that adequate stocks of CLS lumber are maintained in this market at a competitive price. They should also investigate the increasing demand for specialty lumber and plywood products.

The normal channels of trade in the United Kingdom market require that Canadian exporters establish adequate and effective agency representation; the Commercial Secretary (Timber) at Canada House in London will gladly recommend suitable agents.

The return of prosperity in Britain has created a demand for a more gracious and comfortable home life. The Canada Trend House demonstrated that a "return to wood" could fill this need and there is every indication that because of this project, Canadian lumber has a promising future in this expanding market. ●

At the Ideal Home Exhibition . . .

Canadian Foods Staged a Comeback

Fifteen individual and one composite display presented Canadian foods and beverages of many varieties to the British public—who examined, sampled and bought them.

D. B. LAUGHTON, *Agricultural Secretary, London.*

THE Food Section at the Ideal Home Exhibition covered one entire end of Olympia—some 21,000 square feet—and featured food products and beverages. The Canadian Government display stretched for 142 feet and exhibited, in booths manned by company officials or their U.K. representatives, products put out by individual Canadian firms. In addition, there was a composite display.

A façade bearing the name "Canada" in large letters extended along the Canadian exhibit, which was divided into 16 booths. The stands (most of them had an 8-foot frontage) were set back from the main aisle by a series of dividers consisting of back-lighted colour enlargements grouped about glass display boxes. Fifteen of the stands were taken over by specific Canadian firms, one was used for a composite display by members of the Canadian and Ontario Food Processors Associations, and the remaining space was used by the Department of Trade and Commerce as a reception area. There officers from Canada House or other government representatives were in constant attendance to answer inquiries from businessmen and the public about products and firms not otherwise represented.

Samples Attracted Visitors

The aisles of the food section were filled to near-capacity virtually every hour that the Ideal Home show was open and tens of thousands of people visited the stands. Conspicuous, however, were the denser knots of persons clustered around the booths that offered samples, plus the opportunity to buy and take home a can or package. There was unanimous agreement that this type of stand attracted the greatest attention and achieved the best results. (The variety of foods on display in the whole Food Section, and in many cases available for purchase, was unusually large. In fact, a patient person could easily have arranged a seven-course meal of small and tasty samples by giving a little thought to the order of his calls on booths offering them.)

The following brief reports from successful participants will give the reader some idea of the results achieved:

A pickle manufacturer had to ration his supplies after the second day and could have sold out in one week; is appointing a distributor.

A cheese distributor made sales in half-pound packages averaging several hundred per day.

A peanut processor proved that his products were unique and worth the higher prices; they sold as fast as his staff could handle customers.

A vegetable and fruit canner found that most of those who sampled

Dr. Barbara Moore, doughty hiker now making her way on foot across the United States, firmly believes in the nutritional value of nuts and honey. Here she samples, with evident approval, Canadian-processed peanut butter at the Olympia show.

planters
THE BIGGEST NAME IN PEANUTS.
VIRGINIA PEANUTS
PLANTERS
PLANTERS

took away a purchase; London-area distribution improved as a result.

Booths that provided samples for the public but did not have products to sell were somewhat less popular but nevertheless were kept busy. Stands that sold their products but did not offer samples were fairly well patronized, but sales were not always brisk nor proportionate to the numbers who passed by.

Stands that merely displayed their products did not attract the public to nearly the same degree, regardless of the attractiveness of their displays or the enthusiasm of the persons manning them. And it is doubtful whether those who did stop to inquire were sufficiently impressed to seek out the product at their local stores.

Overseas shows can hardly be evaluated in dollars and cents but rather in terms of what the exhibitor learns from participation. Obviously, the more effort put into a display, the more benefit is obtained. Among the lessons learned by the Canadian food exhibitors were:

1. Many British housewives are not aware of the attributes of different flavour and high quality that Canadian foods possess—but

2. They have a basic feeling of goodwill towards Canada and are willing to experiment—and

3. Once they are satisfied, they can and will pay top prices and should become steady customers.

Admittedly, the carnival atmosphere of the Ideal Home Exhibition probably was a factor in the free-spending attitude of the visitors. Exhibitors agreed, however, that sampling and selling on the spot is an ideal way for Canadian food exporters to take advantage of fairs in the United Kingdom as a means of assessing sales possibilities for their products in Britain. Experience at fairs can help a company in making decisions on methods of selling and distributing, the need for promotion, special purchasing, etc. (Here Trade and Commerce officials can help too.)

Opportunities such as those at the Ideal Home Exhibition will be offered to Canadian food exporters again, both in the London area and in other British centres. Any firms keen to reap the benefit of first-hand experience at a big fair would be well advised to make their interest known to the Department of Trade and Commerce in Ottawa. ●

Trade and Tariff Regulations

Bermuda

LICENSING ANNOUNCEMENT—The Bermuda Supplies Commission has announced that, effective May 1, 1960, import restrictions against the import of goods into Bermuda from the dollar area have been removed.

Ceylon

IMPORT CONTROLS—The import control regulations, as summarized in a Ceylon Government notice of December 12, 1959, provide for the entry without individual import licences of some two hundred and twenty items. This group includes:

Oats; prepared cereal foods; tinned fish; malt for brewing; powdered skim milk; wood and timber; most fertilizers except sulphate of ammonia; agricultural seeds; optical lenses; a wide range of metals and their products; agricultural implements; medical and scientific instruments; electric cable, fittings, and equipment; most types of machinery and parts for Ceylon's industries; most chemicals; drugs and medicines; gasoline, lubricating oil, and grease; aircraft, rail vehicles, road vehicles except motor cars, and their parts, including motor car parts; tires, except bicycle tires; fishing nets; lamps, lanterns and parts; oil and floor cloth; toothpaste; starch; spectacle frames.

Individual import licences are required for another group of products imported from the dollar area. We are advised that there is now no discrimination against imports from the dollar area vis-a-vis the sterling area except that, where licences are required for new imports, they are issued mainly to "registered Ceylonese traders". Other trading companies in Ceylon are permitted to continue to import established lines from their traditional suppliers. Among the goods from the dollar area for which individual import licences are required are:

Fresh fruit; margarine; preserved vegetables, tinned soups, and most other food products; non-ferrous electrodes; clocks and watches; wireless goods and batteries; lawn mowers; manufactures of wood; specialty cotton piecegoods; carpets and rugs of all descriptions; paper products; motor cars (including motor station wagons); and all other products not specified in the summary of December 12, 1959.

The summary includes a group of goods for which import licences are required from all sources. These include sulphate of ammonia, flashlight batteries, hulling and polishing machines, and sulphur.

Most textiles from the dollar area, including cotton piecegoods and synthetic fibre piecegoods, can only be imported under a quota system by importers holding valid individual textile import licences.

The Ceylon Government notice of December 12, 1959, described above has no legal validity but may serve as a helpful guide to the import controls.

Iran

IMPORT-EXPORT REGULATIONS FOR 1960-61—The Minister of Commerce of Iran recently announced the import-export regulations for the Iranian year 1339. The new regulations became effective on April 11, 1960, and apply to the year March 21, 1960, to March 21, 1961. They are designed to reduce imports by 20 per cent and at the same time to encourage exports. Attached to the regulations is the schedule of prohibited commodities which contains 38 items more than in the preceding year.

As in the previous licensing period, the over-all quota limit has been set at 25 billion rials. There is no limitation on the import of authorized goods during the year, nor is there a list of quotas for such goods. Therefore the import of all goods that do not appear on the list of unauthorized goods attached to the regulations is permitted. Bank Melli Iran is obligated to open credits and to settle bills for all authorized goods with due regard to the country's potentiality. Should the exchange supply prove insufficient for financing all authorized imports, priority will be given to essential commodities. Goods imported under barter or trade agreements are also subject to import regulations. Persons earning money abroad may spend their earnings on the import of authorized goods. Imported articles shall be generally new and unused.

Also attached to the regulations is the lengthy schedule of commodities subject to the Commercial Profits Tax, in addition to the regular customs duty. The list contains some 381 numbered items. A tax is levied on 273 of these commodities at ad valorem rates and on 108 at specific rates; the ad valorem rates vary from 20 to 200 per cent ad valorem and the specific rates from 1 to 600 rials per kilogram.

Details on the Commercial Profits Tax affecting any particular commodity and the complete schedule of prohibited items may be obtained from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Philippines

EXCHANGE REGULATIONS REVISED—A cablegram from the Trade Commissioner in Manila reports that the Government of the Republic of the Philippines has revised the exchange control regulations.

According to the cablegram, on April 25 the Central Bank of the Philippines authorized certain foreign exchange transactions at newly-organized free market rates. Receipts from exports, U.S. Government payments, and other invisibles are to be surrendered to the Central Bank—75 per cent at the official rate and 25 per cent at the free market rate. Receipts from tourist funds and gold payments are to be surrendered 100 per cent at the free market rate. Foreign exchange sales are to be continued at the official rate of two pesos to one U.S. dollar, plus the 25 per cent margin fee for most essential imports, including flour, when Central Bank dollar licences have been granted. Any unlicensed excess of these and other less essential categories requires foreign exchange purchased at the free market rate announced daily, plus the 25 per cent margin fee.

The Central Bank, the cablegram states, considers that there is little danger of a buying spree because of the limitations it has set on dollars for the free market and the tight money position.

Sweden

FREE LIST EXTENDED FOR DOLLAR AREA GOODS—The Swedish Minister of Trade has announced that the free list applicable to imports from the OEEC countries has been extended, as from April 1, 1960, to imports from the dollar area and most other countries with which trade is not regulated by bilateral agreements. Exceptions will be made for imports from the Eastern Bloc countries and Japan as a consequence of current bilateral arrangements.

As regards imports from the dollar area, the import regulations for some goods, such as cotton textiles, nylon stockings and coffee, will be abolished. Also a number of goods which have been subject to licensing on import from the OEEC area—primarily ships, works of art and certain valuables—will henceforth be free-listed.

Cars and car components will still be subject to import restrictions. However, a system of free licensing has been applied to these goods for some time.

As regards commodities subject to special regulations in the agricultural field, the decision implies no change in the free-listing vis-a-vis the OEEC area. The liberalization so far applied for imports from the dollar area, which covers all OEEC free-listed goods except certain animal products, will also be extended to imports from other countries unless otherwise stipulated under current bilateral agreements—Stockholm.

Tours of Territory

J. C. DEPOCAS, Consul and Trade Commissioner in Boston, will visit the following New England cities during the last week in May and the first week in June: Fall River, Lowell, Springfield, Gloucester and Concord, Mass.; Providence, R.I.; Manchester, N.H.; Rutland, Vt.; and Augusta, Portland, Lewiston and Bangor, Maine.

Businessmen who would like Mr. Depocas to undertake assignments should get in touch with him at his post as soon as possible.

Commodity Notes

Books

SWEDEN—Book production in Sweden in 1959 reached an all-time record of 5,959 titles. Belles-lettres constituted the largest group, 1,075 titles, of which 524 were by Swedish authors. Children's books totalled 552, half of which were Swedish. The natural science and economics and industry groups came next with 470 and 404 titles. The biggest edition of the year was the novel *Last Letter to Sweden* (130,000 copies) by Vilhelm Moberg—Stockholm.

Chemicals

NETHERLANDS—The Netherlands State Mines' chemical enterprises are spending $5 million a year on scientific research and new investment totals $20 million a year. During the past ten years investment has totalled $179 million. A $500,000 laboratory is being built at Zeist near Utrecht, designed to supply technical information to plastic manufacturers. The State Mines' fertilizer section ranks eighth in the world, producing one million tons of fertilizer a year, or about 5 per cent of world output—The Hague.

Coal-Mining Machinery

INDIA—The Government of India will set up a coal-mining machinery plant in Durgapur, West Bengal, in collaboration with the Soviet Union. The plant is expected to go into production by the end of 1962. Its production range of 35 different types of mining machinery is said to be the largest of any single unit in the world, with cutting and loading machines, underground electric locomotives, scraper and belt conveyors, overhead mine machines and winches. The plant will have its own foundry and total cost has been estimated at $50 million—Bombay.

Cotton

MEXICO—The Department of Agriculture announced recently that Mexico's entire exportable supply of cotton has been sold. This included the 1959 surplus of some 1.7 million bales, plus a carryover of one million bales from the two previous crops. Prices were slightly higher than last year, with a gross value for the 1959 crop estimated at U.S.$280 million. Canada buys substantial quantities of cotton from Mexico every year: Can.$12.8 million in 1958 and Can.$19 million in 1959.

Because of the depressed market last year, the acreage sown to cotton declined substantially and total yield was correspondingly less. However, the current favourable export picture for cotton and the high prices in effect for cotton seed may result in the planting of larger acreages—Mexico, D.F.

Cucumbers

JAMAICA—Cucumbers grown specifically for markets in the eastern United States are being flown to Miami two or three times a week. The cucumbers are grown on about 120 acres at Spring Gardens, with plans in the offing for development of more land suitable for their cultivation—Kingston.

Farm Machinery

FRANCE—Expansion in the French farm-machinery industry was checked in 1959. Preliminary figures show total production of 210,000 tons, compared with 230,000 in 1958. Output of combines rose to 5,608 units in 1959 compared with 5,263 in 1958, and that of all other machinery declined—tractors to 80,000 units, horticultural tractors to 24,200, haybalers to 20,940 and fertilizer spreaders to 11,900. The slump reflects slackening demand because of two disappointing growing seasons and the resulting lower purchasing power on farms—Paris.

Precision Measurer

SWEDEN—An apparatus for precision-measuring of the body has been invented by Sigvard Jirdell, chief designer of the Tiger plant for readymade clothes at Uddevalle, Sweden. It is now being exported to France where it has attracted much interest in tailoring circles, according to a statement made by M. Paul Vauclair, chairman of the Associations of French and International Master Tailors.

Called Modifico, the apparatus is a reliable aid to the new method of making "readymades"—that is, suits that require no intermediate fitting between the order and delivery. Compared with the measuring-tape method, Modifico works with the precision of an industrial gauge—Stockholm.

Shade-Dried Skins

SOUTH AFRICA—Skins cured by a new process, expected to bring higher prices and better markets for South African hides and skins, sold at an average of 6½d. a pound more than salted skins at a recent auction in Port Elizabeth. There was exceptionally keen competition and brisk bidding for 15,000 pounds of shade-dried skins, the first sale of these skins ever held in South Africa. Hides and skins have, in the past, been salted and dried in the sun, which experts say lowers their quality. Both exporters and local processors took part in the sale. Comparative prices for merino-type skins were: long wools 32½ (dry salted skins 26¼d.), medium wools 27¼d. (dry salted skins 21½d.). This compares favourably with top prices paid during the season—Cape Town.

Steel

ARGENTINA—The Governor of the Province of Buenos Aires has announced that a plate and sheet rolling mill now located at Gary, Indiana, has been purchased and will be transferred en bloc to a suitable site in the province. The purchaser is Messrs. Coopim, a consortium of several local iron and steel firms. The initial investment is said to be U.S.$23 million. The plant will go into operation within about 18 months. Further investments of US.$44 million and U.S.$17 million are contemplated to increase capacity —Buenos Aires.

Transformer

IRELAND—The biggest electricity transformer ever made in Ireland has been delivered by the makers, Unidare Ltd., to the Electricity Supply Board's new milled-peat station at Rhode, County Offaly. One of its two 20,000-kw. generating sets should go into commission this summer and the second a few months later. The station's annual output is reckoned at 160 million kwh.—Dublin.

Watches

INDIA—The Government of India and the Citizen Watch Company of Japan have signed an agreement to manufacture low and medium-priced watches in India. The factory, a government undertaking, will be located in South India at Bangalore, the site of several new plants manufacturing instruments and electronic equipment. It will cost an estimated Rs. 10-12.5 million (Can.$2-2.5 million). Operations are to begin in 1962; will attain full annual output of 360,000 watches within the next six years. Indian content by the time full production is reached is to be about 84 per cent.

A private firm, Phoenix Watch Company, already holds a licence to set up in collaboration with a French group a factory to produce 300,000 watches a year. The Government is considering two further proposals—New Delhi.

Wine

LIBYA—The first major export of wine from Tripoli took place in February. Over 400,000 litres of a well-known local red wine were shipped in two cargoes, the first to Genoa for account of Swiss and Belgian buyers, and the second to West Germany. If these shipments prove successful, they may make a considerable difference to the vine growers in Tripolitania. For years they have been producing under great difficulties and many vineyards have been turned over to other forms of agriculture—Rome.

Trade Office Opened in Canberra

ON April 22nd, the Department's third trade office in Australia was officially opened when R. B. Nickson arrived in Canberra to take up his appointment as Commercial Secretary for Canada. The other two Canadian offices, both of many years' standing, are in Sydney and Melbourne. In the new Canada-Australia Trade Agreement signed in Canberra on February 12, 1960, provision was made for continuing consultation in the trade field. To this end, each country appointed a Trade Commissioner in the other's capital and Mr. Nickson is the first Canadian officer to reside in Australia's capital. His task will be to assist in the development of Canada's trade with Australia in concert with the Canadian Commercial Counsellors located at Sydney and Melbourne.

Mr. Nickson joined the government service in 1947. He served with the International Trade Relations Branch at Ottawa from 1950 and for some time headed its Commonwealth Section. He was a member of the Canadian delegation that negotiated the new trade agreement with Australia in Canberra in March and April 1959.

His office address is c/o The High Commissioner for Canada, State Circle, Canberra, A.C.T.; his telephone: U-1304. The address for cables: DOMCAN Canberra.

Foreign Trade Service Abroad

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor G. E. Blackstock Assistant Commercial Secretary	Canadian Embassy Bartolome Mitre 478 Buenos Aires	*Mail:* (City Address) *Cable:* Canadian *Tel:* 33-8237
Australia (Capital Territory New South Wales, Queensland, Northern Territory) Dependencies	S. V. Allen Commercial Counsellor for Canada H. S. Hay Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street Sydney	*Mail:* P.O. Box 3952 G.P.O. *Cable:* Canadian *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada	83 William Street Melbourne	*Mail:* (City Address) *Cable:* Canadian *Tel.:* MU 4716
Australia	R. B. Nickson Commercial Secretary	Office of the High Commissioner for Canada State Circle Canberra	*Mail:* (City Address) *Cable:* Domcan *Tel.:* U-1304
Austria Bulgaria, Czechoslovakia, Hungary, Romania, Yugoslavia	R. K. Thomson Commercial Counsellor P. A. Freyseng Assistant Commercial Secretary	Openinghof Opening 1 Vienna 1	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 57-25-97
Belgian Congo Angola, Central African Republic, Chad, Congo, Gabon	R. A. Bull Acting Trade Commissioner	C.C.C.I. Building Boulevard Albert 1er Leopoldville 1	*Mail:* Boîte Postale 8341 *Cable:* Canadian *Tel.:* 2706
Belgium Luxembourg, European Economic Community, European Atomic Energy Community, European Coal and Steel Community	L. H. Ausman Commercial Counsellor P. T. Eastham Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science Brussels 4	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 13.38.50
Brazil	Wm. Jones Commercial Counsellor	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 Rio de Janeiro	*Mail:* Caixa Postal 2164 *Cable:* Canadian *Tel.:* 42-4140
Brazil	D. M. Holton Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 Sao Paulo	*Mail:* Caixa Postal 6034 *Cable:* Canadian *Tel.:* 36-6301
Ceylon	I. V. Macdonald Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens Colombo	*Mail:* P.O. Box 1006 *Cable:* Canadian *Tel.:* 91341
Chile	H. M. Maddick Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 Santiago	*Mail:* Casilla 771 *Cable:* Canadian *Tel.:* 64189
Colombia Ecuador	J. H. Bailey Commercial Secretary and Consul N. L. Currie Assistant Commercial Secretary	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 Bogota	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* Canadian *Tel.:* 43-00-65

Territory	Officer	City Address	Mail and Cables, Office Telephone
Cuba	R. R. Parlour Commercial Secretary	Canadian Embassy Edificio Ambar Motors Avenida Menocal 16 Havana	*Mail:* Apartado 1945 *Cable:* Canadian *Tel.:* UO-9457
Denmark Greenland, Poland	C. F. Wilson Commercial Counsellor	Canadian Embassy Prinsesse Maries Allé 2 Copenhagen V	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Hilda 3306
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor	Canadian Embassy Edificio Copello 408 Calle El Conde Ciudad Trujillo	*Mail:* Apartado 1393 *Cable:* Canadian *Tel.:* 2-8138
	J. M. Knowles Assistant Commercial Secretary and Vice Consul		
France Algeria; Cameroon Republic, Dahomey, Federation of Mali, Guinea, Ivory Coast, Mauretania, Morocco, Niger, Togoland, Tunisia, Volta	W. G. Brett Acting Commercial Secretary	Canadian Embassy 35 Avenue Montaigne Paris 8e	*Mail:* (City Address) *Cable:* Canadian *Tel.:* BALzac 99-55
	C. T. Charland Assistant Commercial Secretary		
Germany Federal Republic	J. A. Stiles Commercial Counsellor	Canadian Embassy 22 Zitelmannstrasse Bonn	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 21971
	G. F. Mintenko Assistant Commercial Secretary		
	W. J. O'Connor Assistant Commercial Secretary (Agriculture)		
Germany	E. H. Maguire Consul	Canadian Consulate 69 Ferdinandstrasse Hamburg	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 326149
	J. M. T. Thomas Vice Consul (absent)		
Ghana Gambia, Liberia, Nigeria, Sierra Leone	K. F. Osmond Commercial Secretary	Office of the High Commissioner for Canada E 115/3 Independence Ave. Accra	*Mail:* P.O. Box 1639 *Cable:* Canadian *Tel.:* 4824
Greece Cyprus, Israel, Turkey	L. D. R. Dyke Acting Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. Athens	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. W. Richardson Canadian Government Trade Commissioner	5a Avenida 11-70, Zone I Guatemala City, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* Canadian *Tel.:* 28448
Haiti	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau Port au Prince	*Mail:* P.O. Box 826
Hong Kong Cambodia, Communist China, Laos, Vietnam, Macao	C. M. Forsyth-Smith Canadian Government Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. Hong Kong	*Mail:* P.O. Box 126 *Cable:* Canadian *Tel.:* 27743
	C. J. Small Trade Commissioner		
	D. J. McEachran Assistant Trade Commissioner		

Territory	Officer	City Address	Mail and Cables, Office Telephone
India (except States of Gujerat and Maharashtra) Bhutan, Goa, Nepal, Sikkim	J. R. Midwinter Acting Commercial Secretary	Office of the High Commissioner for Canada 13 Golf Links Area NEW DELHI 1	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 35201
India (States of Gujerat and Maharashtra)	G. P. Morin Acting Trade Commissioner	Gresham Assurance House Mint Road BOMBAY	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Tel.:* 255154
Indonesia	M. B. Blackwood Commercial Secretary	Canadian Embassy Djl. Budi Kemuliaan No. 6 DJAKARTA	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Gambir 1313
Iran	A. B. Brodie Commercial Counsellor	Canadian Legation TEHRAN	*Mail:* Central P.O., Box 1610 *Cable:* CANTRACOM *Tel.:* 49291
Ireland	W. R. Van Commercial Secretary for Canada	66 Upper O'Connell St. DUBLIN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 44251
Italy Libya, Malta	Richard Grew Commercial Counsellor M. S. Strong Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 861-951
Japan South Korea	J. L. Mutter Commercial Counsellor N. W. Boyd Assistant Commercial Secretary R. G. Woolham Assistant Commercial Secretary	Canadian Embassy TOKYO	*Mail:* Canadian Embassy *Cable:* CANADIAN *Tel.:* 408-2101/8
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary W. B. Walton Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	F. B. Clark Commercial Secretary A. A. Lomas Assistant Commercial Secretary W. M. Miner Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D.F.	*Mail:* Apartado 25364 *Cable:* CANADIAN *Tel.:* 25-15-60
Netherlands	J. C. Britton Commercial Counsellor G. E. Woollam Agricultural Counsellor B. Horth Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 61-41-11
New Zealand Fiji, French Oceania, Western Samoa	J. H. Stone Commercial Secretary W. J. Collett Assistant Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg., WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644

Territory	Officer	City Address	Mail and Cables, Office Telephone
Norway Iceland	M. B. Bursey Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 OSLO	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan	L. A. Campeau Commercial Secretary J. B. McLaren Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Rd. KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 50322
Peru Bolivia	W. J. Jenkins Acting Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines Republic of China (Taiwan)	R. H. Gayner Acting Consul General and Acting Trade Commissioner	Canadian Consulate General Ayala Building Juan Luna Street MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	T. J. Monty Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	8th Floor Grindlays Bank Chambers Baker Avenue SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson Canadian Government Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 74260
South Africa (Natal, Transvaal, Orange Free State), Malagash, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner L. J. Taylor Assistant Trade Commissioner	Mutual Building Harrison Street JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANADIAN *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor (absent)	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet Commercial Counsellor (absent) J. M. T. Thomas Acting Commercial Secretary (temporary)	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland	S. G. MacDonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
Union of Soviet Socialist Republics	W. Van Vliet Commercial Counsellor	Canadian Embassy 23 Starokonyushenny Pereulok Moscow	*Mail:* (City Address) *Cable:* CANAD *Tel.:* 415142

Territory	Officer	City Address	Mail and Cables, Office Telephone
United Arab Republic Egyptian Region Aden, Sudan, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110
United Kingdom	B. C. Butler Minister (Commercial) (absent)	Office of the High Commissioner for Canada Canada House Trafalgar Square LONDON, S.W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Whitehall 8701
	S. G. Tregaskes Commercial Counsellor		
	W. Gibson-Smith Commercial Counsellor		
	D. B. Laughton Agricultural Secretary		
	E. J. White Commercial Secretary (Timber)		*Cable:* TIMCOM
	W. A. Stewart Assistant Agricultural Secretary		
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Scotland)	P. V. McLane Canadian Government Trade Commissioner	Cornhill House 144 West George St. Glasgow C.2	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* Douglas 6751
United Kingdom (Northern Ireland)	W. R. Van Canadian Government Trade Commissioner	36 Victoria Square BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	M. Schwarzmann Minister-Counsellor (Economic)	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
	D. A. B. Marshall Agricultural Counsellor		
	T. M. Burns Commercial Counsellor		
	J. D. Blackwood Assistant Commercial Secretary		
	J. MacNaught Assistant Agricultural Secretary		
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda	B. I. Rankin Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Ave. NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400
	H. E. Lemieux Consul and Trade Commissioner		
	F. I. Wood Vice-Consul and Assistant Trade Commissioner		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	J. C. Depocas Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street BOSTON 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320

Territory	Officer	City Address	Mail and Cables, Office Telephone
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	H. J. Horne Consul and Trade Commissioner G. F. J. Osbaldeston Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue Chicago	*Mail:* (City Address) *Cable:* Canadian *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner R. V. N. Gordon Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building Detroit 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	Consul and Trade Commissioner (absent)	Canadian Consulate General 510 West Sixth Street Los Angeles 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart New Orleans 12	*Mail:* (City Address) *Cable:* Canadian *Tel.:* JAckson 5-2136
United States California (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street San Fracisco 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way Seattle 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	Blair Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° Montevideo	*Mail:* Casilla Postal 852 *Cable:* Canadian *Tel.:* 96096
Venezuela Netherlands Antilles	R. E. Gravel Commercial Counsellor J. E. Montgomery Assistant Commercial Secretary	Canadian Embassy Edificio Pan American Avenida Urdaneta Puente Urapal, Candelaria Caracas	*Mail:* Apartado 9277 *Cable:* Canadian *Tel.:* 54.34.32
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam, Guadeloupe, Martinique	R. G. C. Smith Commissioner for Canada R. F. Renwick Commercial Secretary R. L. Richardson Assistant Commercial Secretary	Colonial Building 72 South Quay Port-of-Spain	*Mail:* P.O. Box 125 *Cable:* Canadian *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner C. G. Bullis Assistant Trade Commissioner	Barclays Bank Building King Street Kingston	*Mail:* P.O. Box 225 *Cable:* Canadian *Tel.:* 2858

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.0305958.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent May 9	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01171	85.40	(1)
Austria	Schilling		.03736	26.77	
Australia	Pound		2.1794	.4588	
Bahamas	Pound		2.7243	.3671	
Belgium, Belgian Congo and Luxembourg	Franc		.01946	51.39	
Bermuda	Pound		2.7243	.3671	
Bolivia	Boliviano	Free	.00008493	11,774.40	
British Guiana	Dollar		.5676	1.76	
British Honduras	Dollar		.6811	1.47	
Brazil	Cruzeiro	General Category*	.004027	248.29	*Apr. 26 (2)
		Special Category	.001922	520.37	
		Official selling	.05128	19.50	(3)
Burma	Kyat		.2038	4.91	
Ceylon	Rupee		.2043	4.89	
Chile	Escudo	Free	.9224	1.08412	(4)
Colombia	Peso	Certificate	.1448	6.91	
Costa Rica	Colon	Official	.1728	5.79	
		Controlled free	.1460	6.85	
Cuba	Peso		.9703	1.0306	tax 2%
Czechoslovakia	Koruna		.1348	7.42	
Denmark	Krone		.1406	7.11	
Dominican Republic	Peso		.9703	1.0306	
Ecuador	Sucre	Official	.06469	15.46	
		Free	.05674	17.62	
Egyptian Region, United Arab Rep.	Pound	Official	2.7863	.3589	
		Export account selling	2.3600	.4237	
El Salvador	Colon		.3881	2.58	
Fiji	Pound		2.4543	.4074	
Finland	Markka		.003032	329.81	
France, Monaco, etc.	New Franc		.1979	5.05	(5)
French colonies	Franc		.003958	252.65	(6)
French Pacific	Franc		.01088	91.91	(7)
Germany	D Mark		.2327	4.30	
Ghana	Pound		2.7243	.3671	
Greece	Drachma		.03234	30.92	
Guatemala	Quetzal		.9703	1.0306	
Haiti	Gourde		.1941	5.15	
Honduras	Lempira		.4852	2.06	
Hong Kong	Dollar	Free*	.1681	5.95	*Apr. 29
		Official	.1703	5.87	
Iceland	Krona	Official	.02553	39.17	(8)
India	Rupee		.2043	4.89	
Indonesia	Rupiah	Official rate	.02156	46.38	(8)
Iran	Rial		.01281	78.07	
Iraq	Dinar		2.7169	.3681	

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*Latest available quotation date.

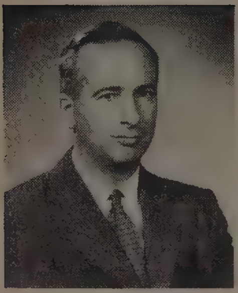
Country	Unit	Type of Exchange	Can. dollar equivalent May 9	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7243	.3671	
Israel	Pound		.5391	1.85	
Italy	Lira		.001563	639.79	
Japan	Yen		.002696	370.92	
Lebanon	Pound	Free	.3048	3.28	
Mexico	Peso		.07763	12.88	
Netherlands	Florin		.2574	3.88	
Netherlands Antilles	Florin		.5187	1.93	
New Zealand	Pound		2.7243	.3671	
Nicaragua	Cordoba	Effective buying	.1470	6.80	
		Official selling	.1377	7.26	
Norway	Krone		.1361	7.35	
Pakistan	Rupee		.2043	4.89	
Panama	Balboa		.9703	1.0306	
Paraguay	Guarani	Official	.007953	125.74	
Peru	Sol	Certificate	.03503	28.55	
Philippines	Peso		.4852	2.06	
Portugal & Colonies	Escudo		.03386	29.53	(9)
Singapore and Malaya	Straits Dollar		.3178	3.15	
Spain and Dependencies	Peseta		.01617	61.83	
Sweden	Krona		.1876	5.33	
Switzerland	Franc		.2239	4.47	
Syrian Region, United Arab Rep.	Pound	Free	.2710	3.69	
Thailand	Baht	Free	.04590	21.79	(8)
Turkey	Lira		.1078	9.28	(8)
Union of South Africa	Pound		2.7243	.3671	
United Kingdom	Pound		2.7243	.3671	
United States	Dollar		.9703125	1.0305958	
Uruguay	Peso	Free	.08508	11.75	(10)
Venezuela	Bolivar		.2896	3.45	
West Indies Fed.	Dollar		.5676	1.76	(11)
	Pound		2.7243	.3671	(12)
Yugoslavia	Dinar	Official	.003234	309.21	(8)
		Settlement rate	.001535	651.34	

*Latest available quotation date.

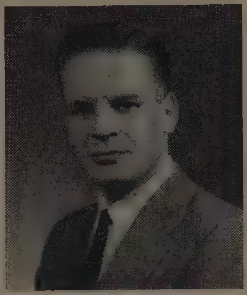
Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Trade Commissioners on Tour


A. P. Bissonnet

B. C. Butler


R. M. Dawson

H. S. Hay

B. A. MacDonald

K. Nyenhuis

M. T. Stewart

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

A. P. BISSONNET, Commercial Counsellor in Stockholm, Sweden:

Ottawa—May 26-June 7
Port Hope—June 8
Hamilton—June 9
Welland—June 10
Sarnia—June 13
Toronto—June 14-17
Winnipeg—June 20
Vancouver—June 22-29
Montreal—July 4-8

B. C. BUTLER, Minister (Commercial) in London, England:

Toronto—May 24-June 1
Hamilton—June 2-3
St. Catharines, Welland—June 6
Brantford—June 7
London—June 8
Windsor—June 9
Sarnia—June 10
Kitchener—June 13
Montreal—June 15-30
Ottawa—July 4-15

R. M. DAWSON, Assistant Trade Commissioner in Guatemala City, Guatemala:

Montreal—May 30-June 3
Toronto—June 6-10
Winnipeg—June 13-14
Vancouver—June 16-20

When he completes his tour and leave, Mr. Dawson will be transferred to Manila, the Philippines, as Vice Consul and Assistant Trade Commissioner.

H. S. HAY, Assistant Commercial Secretary in Sydney, Australia:

Vancouver—June 6-10
Saskatoon—June 13
Winnipeg—June 14
Ottawa—June 16-30

When he completes his tour and leave, Mr. Hay will be transferred to Caracas, Venezuela, as Assistant Commercial Secretary.

B. A. MACDONALD, Commercial Counsellor in New Delhi, India:

Ottawa—May 19-27
Toronto—May 30-June 5
Hamilton—June 6
St. Catharines, Welland—June 7
Niagara Falls—June 8
Port Hope, Kingston—June 10

When he completes his tour and leave, Mr. MacDonald will be transferred to Athens, Greece, as Commercial Counsellor.

K. NYENHUIS, Trade Commissioner in Leopoldville, Belgian Congo:

Vancouver—July 4-6
Winnipeg—July 7-8
Toronto—July 11-20
Hamilton—July 21-22
Montreal—July 25-Aug. 5
Granby—Aug. 8
Quebec—Aug. 9
Saint John, N.B.—Aug. 11-12

When he completes his tour and leave, Mr. Nyenhuis will be transferred to Copenhagen, Denmark, as Commercial Counsellor.

M. T. STEWART, Commercial Counsellor in Madrid, Spain.

Ottawa—May 30-June 3
Toronto—June 6-10
Hamilton—June 13
Brantford—June 14
Montreal—June 16-23
Quebec—June 27

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

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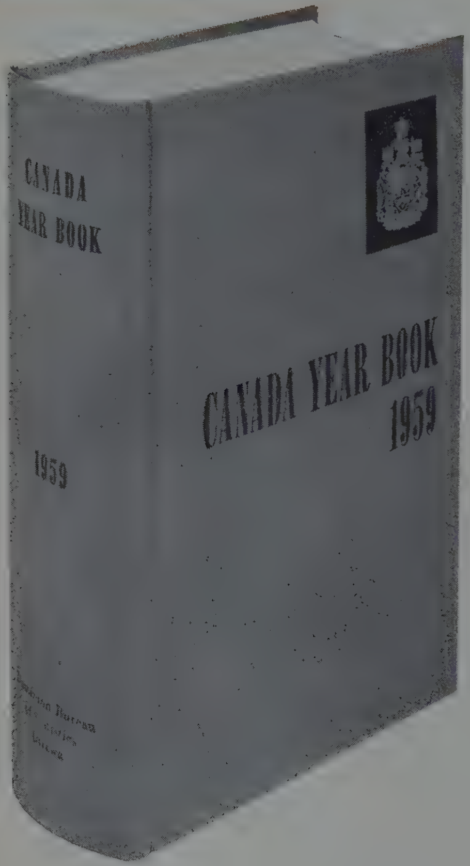

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JUNE 4, 1960

foreign trade

NADA

RAISINS FOR CANADIAN TABLES (page three)

foreign trade

Established in 1904

OTTAWA, JUNE 4, 1960 Vol. 113, No. 12

CANADA

cover At a California packing plant, raisins that have been dried in the sun on paper trays are transferred to wooden boxes for storage until they are packaged for the consumer. California has become the world's biggest raisin producer; part of the crop moves across the border each year to Canadian dried-fruit importers. For reports on production and exports of raisins in the three countries that supply the Canadian market, see pages three to ten.

3 **Raisins for Canadian Tables . . .** *production, prices, quality control, marketing of raisins in the three countries from which we buy most of our supplies.*

10 **The Changing Egyptian Market . . .** *an export manager discusses significant developments in Egypt's import trade and how they are affecting his own and other companies.*

13 **Selling to Sweden and Finland . . .** *should become simpler after careful reading of this article that places two Scandinavian markets in perspective.*

19 **Advertising Abroad: Sweden . . .** *high standard of living makes advertising pervasive and profitable, valuable for promoting imported goods.*

25 **Venezuela Increases Import Control . . .** *a review of measures taken last year to protect Venezuelan industry—and their implications for our exporters.*

12 **India's Export Trade in Tobacco**

14 **Markets in Brief: Sweden**

17 **Markets in Brief: Finland**

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editorial

Sun-Dried . . . Sold . . . Shipped

Last fall a Foreign Trade *subscriber suggested that we commission and publish a series of reports on dried fruits that Canada buys from foreign countries. This request prompted us to delve into the statistics on this trade. Jotting down figures and adding them up, we discovered that last year Canadians spent $17.2 million bringing in nearly 104 million pounds of dried fruits.*

These imports ranged from the top-ranking raisin and the humble prune to the more exotic but much less popular dried guavas, mangoes and mandarines. All of them came mainly from countries where the fruit ripens and then is dried under a hot sun—southern California, Iran and Iraq, the Mediterranean countries, South Africa, and Australia. Dried fruits have become particularly important in our trade with Australia; last year her shipments to us were worth nearly $8½ million.

Three types of dried fruit—raisins, dates and prunes—far outsell the remaining varieties; of the 104 million pounds of dried-fruit imports, these three accounted for 90 million. Raisins headed the list—some 55 million pounds brought in last year—chiefly because of the steady demand from bakers of bread, cake and pies and from the candy-makers. Next came that staple of the Arab countries, dates, (24 million pounds) and then prunes (12 million).

In our reports on dried fruits we intend to feature these three varieties, beginning with raisins in this issue and going on to prunes and dates. The Trade Commissioners in the countries from which we buy the bulk of our supplies were asked to bring Canadian importers up-to-date on production, varieties grown, quantities for export, trends in prices, marketing methods, and quality control. Many of the articles give the reader a bonus—some insight into the history and development of this far-reaching industry.

We hope that the reports we are presenting will prove helpful to dried-fruit importers and will also interest those who, like us, are mere consumers.

—The Editor.

Raisins for Canadian Tables

TWO million tons of grapes, grown in nearly twenty countries, are dried and sold each year as raisins, seeded or seedless—the most popular of dried fruits. The trade in raisins goes back to the pre-Christian era in the Near East. Later the growing of grapes and drying of the fruit took hold in the Mediterranean countries and Spain became the leading producer. Spanish missionaries carried the Muscat variety of grape, from which seeded raisins come, with them to California, French Huguenots began the growing of grapes in South Africa, and (two centuries later) Canadians helped to establish the industry in Australia.

Raisins continue to be important in the export trade of two Mediterranean countries, Greece and Turkey, but the top producer is now the United States—140,000 tons in 1958, nearly all grown in the warm, sheltered interior valleys of central California. But only 22,000 tons of this California crop moved into export markets and Australia, with a pack of 77,300 tons in 1958, sold 62,700 tons abroad—to capture first place as an exporter. Next in line came Turkey, Iran and Greece. (Greece also produces about three-quarters of the world's currants.)

Canadian importers buy raisins principally from Australia and the United States. In 1956 and 1957, Australia held a four-to-five-million-pound lead. In 1958 and 1959 she increased her share of the Canadian market at the expense of the U.S.: last year, for example, she shipped us nearly 42 million pounds and the U.S. sent only 12.3 million, partly because of a small crop. The only other sizable supplier is South Africa and (for reasons explained later) her sales to us have varied from 692,000 pounds in 1956 to no shipments at all last year. Occasionally we buy small quantities of raisins from Spain. Commonwealth suppliers are, of course, favoured because the Commonwealth product enters Canada duty free.

The three reports that follow discuss in greater detail the production and marketing of raisins in the three countries from which we draw most of our supplies—Australia, the United States, and South Africa. ●

CANADIAN IMPORTS OF RAISINS

		1954	1955	1956	1957	1958	1959
Australia	lb.	29,495,372	27,056,002	24,264,760	27,254,117	37,721,369	41,890,244
	$	4,299,399	4,032,255	3,599,691	4,339,409	6,687,431	7,416,284
Spain	lb.		81,018	3,386	45,168	617	1,011
	$		4,319	366	6,863	189	270
Union of South Africa	lb.	1,582	8,700	692,125	338,500	81,550	
	$	405	971	105,542	54,076	14,189	
United States	lb.	20,609,201	19,391,930	20,926,019	22,558,080	15,451,953	12,304,178
	$	2,579,147	2,556,432	2,914,817	3,549,668	3,433,319	2,409,175
Total	lb.	50,106,155	46,537,650	45,886,290	50,195,865	53,255,489	54,198,740
	$	6,878,951	6,593,977	6,620,416	7,950,016	10,135,128	9,826,255

Australia — the world's leading raisin exporter

T. G. MAJOR, *Commercial Counsellor, Melbourne.*

THOUSANDS of acres of vineyards centred on Mildura on the banks of the Murray River in southeastern Australia are a living monument to the imagination and skill of two Canadians. Back in 1886 George and W. B. Chaffey, who previously had developed an irrigation scheme in California, accepted an invitation from the Victoria Government to undertake a similar project in the dry Mallee country. A year later the plan was extended to Renmark in South Australia. From these small beginnings and despite many setbacks, the dried fruit industry grew rapidly as the inadequate irrigation system was expanded. Today a vast irrigated area in four states produces an average of 76,227 long tons of raisins and sultanas a year, plus wine grapes, citrus and other fruit, grains, and pasture.

Output Fluctuates

About 85 per cent of the dried grapes are produced in the Mildura region, with its dry climate and long hours of sunshine. Of a crop of some 65,000 tons, currants make up about 12 per cent, raisins 15 per cent and sultanas the rest. Most of the remaining dried vine fruits are grown in Western Australia. Despite the stabilizing effect of irrigation, the annual grape production and pack of dried fruits fluctuate widely because of changes in the weather. In 1928, for example, production totalled only 31,850 long tons; in 1944, it reached a high of 104,261. In some years frost is a danger. Excessively hot dry weather soon after the fruit forms causes heavy dropping and humid weather brings outbreaks of mildew and black spot. Yield and quality may be seriously affected by rain and high winds or dust storms when the fruit is on the drying racks or mats. Irrigation and soil problems have been and continue to be sources of production difficulties. Extensive research into and experimental work on these problems and on production goes forward at the agricultural research station at Merbein.

Probably the industry's greatest problem is marketing the crop. In the early days of the settlement on the Murray, transportation was the major difficulty. The vineyards were isolated in the interior, far from th urban areas of Adelaide and Melbourne. The pack had to be taken to the coast in river steamers o hauled to railhead in carts. It wa not until 1903 that the railway from Melbourne reached Mildura. Thi gave the growers a new impetus and by 1911 production became larg enough to supply the Australian market. The table below review production during a number o years.

PRODUCTION, SELECTED YEARS

	Average 1934-1958	1959*	Estimated 1960
	(in long tons)		
Sultanas	51,973	66,857	45,000
Raisins	7,585	7,799	8,500
Total	59,558	74,656	53,500

*Note that 1959 production exceeded th 25-year average.

As output expanded still more the search for export markets began With this came competition from world producers in California, th Mediterranean and South Africa The First World War sheltered th Australian industry from oversea competition but with the coming o peace it became evident that it mus organize for efficient marketing an production.

Industry Well Organized

In 1907 the various growers' associations were amalgamated t form the Australian Dried Fruit Association, a voluntary organization of growers, packers and dealer that fixed the proportion of th pack to be marketed in Australi and abroad. Between 1924 an 1927, Commonwealth and stat legislation resulted in the creatio of the Commonwealth Dried Fruit Control Board and the state Drie Fruits Boards. These, with the Association, control the marketing o the crop.

AUSTRALIAN EXPORTS OF SULTANAS AND RAISINS

1956-1959

SULTANAS

(long tons)

	U.K.	Canada	New Zealand	Other markets	Total tons
1956	14,583	11,243	3,885	838	30,549
1957	31,973	12,684	4,343	1,375	50,375
1958	27,997	15,327	4,204	12,114	59,642
1959	31,759	17,000	3,000	4,500	56,259

RAISINS

(long tons)

	U.K.	Canada	New Zealand	Other markets	Total tons
1956	642	265	458	6	1,371
1957	450	248	509		1,207
1958	2,800	1,100	1,381	6	5,287
1959	2,350	1,100	500		3,950

The Association is a voluntary body comprising growers, packinghouses (both co-operative and private), selling agencies and wholesalers. It is largely controlled by the grower membership of some 6,650 producers. Though it does not engage in direct selling, its objectives include the maintenance of fair market conditions, the fixing of domestic prices, allocation for export, and the stimulation of consumption within Australia.

The Commonwealth Dried Fruits Control Board consists of seven growers' and two commercial representatives, one marketing representative, and one Federal Government representative. Its function is to control the sale and distribution of exported dried fruits by issuing export licences and fixing minimum prices and trading terms. It is responsible for overseas publicity. The State Boards fix quotas for interstate trade but have no power to prohibit interstate sale of the remainder of a state's production. In addition, they license packinghouses, register dealers, and are involved in the policing of regulations on quality and hygiene.

The crop year begins in May with the ploughing in of the fallen leaves and the sowing of the leguminous cover crops. Later comes the pruning of the vines and spraying. During the year there are about five irrigations. Harvesting operations get under way in February, with the aid of thousands of pickers from as far afield as the cane fields of Queensland and the hop gardens of Tasmania. The sultanas, after cold dipping, are dried on racks made up of six to twelve tiers of wire netting 50 yards long, then shaken down and spread on mats for finishing in the sun. The muscatels are not dipped but spread out in trays for sun drying.

The packing plants, some 76 in all, are equipped with modern machinery and manual labour and handling of the fruit are reduced to a minimum. The larger plants handle 100 tons of fruit an hour from the receiving scales to the finished product, packed in corrugated cartons or wooden boxes. Government inspectors supervise all operations, including the final grading of each package in accordance with Commonwealth and State Board regulations.

The bulk of the exports go to the United Kingdom, Canada and New Zealand, in each of which the Australian product enjoys duty-free entry, as do other Commonwealth producers. Foreign sultanas and raisins pay a duty of sterling £8.10s. a ton in the United Kingdom, 3/4d. a pound in New Zealand, and 3 cents a pound in Canada.

The volume of exports to Europe varies with the size of the Mediterranean pack and in the United Kingdom and Canadian markets there is strong competition from the Californian products. Limited outlets are being developed in south-east Asia but for a long time to come the main markets will probably be the United Kingdom, Canada and New Zealand. Later this year representatives of the Commonwealth Dried Fruits Control Board will visit Canada to study market potential, publicity and marketing procedures. The binding of the preference under the recently negotiated Trade Agreement with Canada will provide a firm basis for long-term trade promotion in the rapidly growing Canadian market. ●

South Africa—wine, fresh fruit, or raisins?

M. R. M. DALE, *Trade Commissioner, Cape Town.*

THE raisin industry in South Africa is both well developed and efficient. However, its expansion is limited because of the many other outlets for fresh vine fruit. Prices, the supply of labour, the various types of fruit produced—all these play a part in the producer's decision about the disposal of his crop. Some may be sold as fresh fruit, some made into wine, and some dried. If it is dried, the needs of the South African market must be met before any raisins are exported.

Raisins were among South Africa's first exports. The French Huguenots who landed in the country in 1688 were the first people to begin drying grapes. They settled in the Fransch Hoek Valley, over the mountains to the east of Stellenbosch, and sun-dried in the traditional way the grapes that they raised. They then exported them, chiefly to Holland. The Governor of the Cape helped and encouraged them in this enterprise. Fruit-drying soon became general throughout the Cape but it was discovered that the vines would not flourish in other parts of South Africa. But by 1859 some £32,161 worth of dried fruits was exported in a single season and it is assumed that shipments consisted chiefly of raisins.

About 1860 the Sultana grape was introduced and important progress in its culture and in that of other dried fruits took place around 1880. But it was not until 1892 that serious efforts were made to undertake the drying of fruit on a

This typical farm in the Cape Province, sheltered by the mountain at its back, specializes in growing and drying grapes and selling the raisins produced. Cecil Rhodes was one of the early sponsors of a commercial dried-fruit industry in this area; established the Rhodes Fruit Farms in 1897.

commercial scale. In that year a Californian arrived in South Africa, bringing with him valuable knowledge of fruit culture and of drying methods. This stimulated the whole industry. Later he persuaded the Government to send a young farmer, P. J. Cillie of Wellington, to California to learn more about the methods there, where the climate closely resembles that of the Cape. When Cillie returned, the fruit growers began to take his advice and prospered.

Today vine fruits are grown in many parts of the Cape and the Wellington and Vredendal districts are particularly productive. The Dried Fruit Board assists the industry by arranging lectures by experts and passing on new developments to the producers. It works closely with the Western Province fruit research station.

Production Analyzed

The four varieties of raisins—stalk, loose, seeded and seedless—are all raised in South Africa. The seedless raisins are really sultanas, from the sultana grape. The best sultanas in South Africa are raised in the northern Cape on the banks of the Orange River. They are large and juicy and deep amber in colour. The Thompson seedless variety, which masquerades as a raisin, is darker and somewhat smaller.

Raisins, as distinct from sultanas, are sold in South Africa in three different ways:

- *Stalk Raisins*—these are put up in individual boxes as a specialty. The largest and finest bunches of grapes are dried intact, and the whole truss carefully packed to present an attractive appearance, with the raisins still hanging on the stalk.
- *Seeded Raisins*—these are seeded by machine, after they have been passed through dry steam to toughen the skins temporarily so that they will withstand the seeding process without being squashed.
- *Loose Raisins*—these are stalk raisins, minus the stalks and the special packaging.

The production of dried fruit in South Africa declined in 1959 compared with 1958 and with the average production for 1946-55. The table on page seven gives detailed figures of vine-fruit production from 1955 to 1959.

Production of sultanas in 1960 is expected to be down by about 1,000 tons because of frost damage late in 1959. The crop of Valencia-type raisins, made from the Hanepoot grape similar to the Australian Gordo, has lately fluctuated between 2,000 and 3,000 tons; the potential is probably about 10,000 tons. Only a small quantity of dried fruit is expected to be suitable for export this year.

Exports Fluctuate

The Dried Fruit Board buys from producers all the dried fruit raised in South Africa and sells a large part of it in turn to the South African Dried Fruit Co. Ltd. for domestic distribution. The Board then exports, or attempts to export, whatever surplus remains after South African needs are satisfied. It uses a pool system and the final price paid to the producer represents the combined proceeds of local and foreign sales. The Dried Fruit Board, in practice, makes use of the facilities of the South African Dried Fruit Co. Ltd. for export sales as well.

It is easy to see why exports of raisins fluctuate considerably from year to year, because the quantity put up for sale abroad depends on how much the fresh fruit market, the wine-makers, and the domestic buyers of raisins require each year. The table gives figures on dried fruit exports for the years 1954 to 1958. The United Kingdom purchases the larger part of the crop, though a steady but small trade is also carried on with northern European countries, especially Scandinavia. In some years New Zealand is the second largest market. South African producers are concerned about competition in the British market from California, now that controls on dollar imports have been relaxed.

SOUTH AFRICA—DRIED VINE-FRUIT PRODUCTION

Kind of Fruit	1955	1956	1957	1958	1959
			(pounds)		
Sultanas	2,380,330	2,005,466	2,761,982	3,592,165	2,714,710
Bleached sultanas	1,140,870	840,579	1,012,993	1,325,389	1,047,148
Thompson seedless raisins	4,391,340	2,460,113	2,975,564	3,641,582	4,546,766
Raisins	9,595,495	5,748,948	4,486,396	6,288,103	3,859,905
Stalk raisins	199,491	333,118	331,181	336,567	330,623
Stalk muscatels	120,987	56,361	19,212	83,928	37,027
Loose muscatels	15,275	19,629	18,589	50,050	29,118
Total	17,843,788	11,463,944	11,605,917	15,317,784	12,565,297

EXPORTS OF DRIED VINE FRUITS

Variety of fruit	1954	1955	1956	1957	1958
			(in short tons)		
Sultanas	361	272	195	216	786
Raisins	798	1,998	75	389	572
Seeded raisins	40	390	1,200	406	1,003
Stalk raisins	9			6	
Thompson seedless raisins	1,980	531	339	789	1,000

SALES OF SOUTH AFRICAN VINE FRUITS TO CANADA

Varieties of fruit	1950	1954	1956	1958
		(in pounds)		
Thompson seedless raisins	80,548	1,125	419,000	
Bleached sultanas	7,500	500	250	
Muscatels	2,524			
Stalk raisins	36	750		
Raisins	200,140		500	
Seeded raisins (Hanepoot)			101,125	
Sultanas		500	138,750	65,750
Total	290,748	2,875	659,625	65,750

In 1958 the principal buyers were:

United Kingdom	5,778,000 lb.
New Zealand	470,000 "
Denmark	314,000 "

and in 1959:

United Kingdom	4,366,000 lb.
British West Indies	36,000 "
Ireland	20,000 "
New Zealand	18,000 "

Canada's Purchases

The industry recognizes that there is an excellent market in Canada, especially for prepackaged fruit for chain stores, but it has found that Canadian buyers are reluctant to place orders because the South Africans are unable to guarantee continuity of supply. In addition, the Canadian buying season comes at an awkward time for South Africa, either before the crop is ready or too late for best selling.

The accompanying table gives Canadian purchases from South Africa.

Packing

The packing of dried fruit for export is done centrally and in conformity with grading regulations of the South African Department of Agricultural Technical Services. A special inspection at Table Bay docks insures that all fruit exported is packed and graded correctly. The grades, designated by diamonds—five diamonds for best quality—are similar to the Australian grades. The highest South African grade is five diamonds, as opposed to the Australian six and seven crowns. The South Africans consider therefore that their quality is usually about one numeral better than the Australian—for example, three diamonds, they say, is roughly equal to four crowns (Australian). To date, producers have had no difficulty in meeting Canada's quality requirements, although at one stage they did receive complaints about too many cap stems adhering to the berries.

The South African industry has lately developed a new package—a heat-sealed laminated covering of polythene and cellophane. After filling, the packet is vacuumized and then flashed with some inert gas which protects the fruit against insect infestation and fungi. This gives the fruit an expected shelf life of some six months, even in warm climates. South Africa can therefore guarantee clean fruit even if it is not recleaned in the country of destination.

Prices

Over the past three years, South African producers have been obtaining satisfactory prices for vine fruit. There are indications, however, that they will shortly have to face reduced prices. The general trade recession of the last year or two did not hit the dried fruit industry because of the crop failures in other parts of the world and the resulting scarcity of fruit. However, since April 1959 prices for Thompson seedless raisins have dropped from 185 to about 105 to 110 shillings, and sultanas from 155 shillings to 120.

Prices of vine fruit sold to Canada for 1956, 1957 and 1958 were as follows:

	Price per cwt.		
	1956	1957	1958
Thompson seedless raisins	140s. 3d.	140s. 3d.	170s. 6d.
Sultanas	136s. 3d.	136s. 3d.	155s. 3d.

Had there been any sales to Canada in 1959, prices would have been:

Thompson seedless raisins	196s. 0d.
Sultanas	155s. 0d.

In the past, the South African Dried Fruit Co. Ltd.—the sole packers and exporters for the Dried Fruit Board—exported to Canada through Overseas Farmers of London. It has now appointed two new agents, one in Montreal and one in Toronto, for direct sales to the Canadian trade and hopes that sales figures will rise. ●

United States—the world's principal raisin producer.

A. J. HICKS, *Consul of Canada, Los Angeles.*

CALIFORNIA produced its first crop of raisins, 500 tons, in 1878. By the close of the century, annual production had risen to 30,000 tons and California was displacing Spain as the world's leading exporter. Raisin production in California today averages about 225,000 tons a year; practically all the raisins produced in the United States are grown in California in the San Joaquin and Sacramento Valleys.

Principal varieties are the Thompson seedless, the variety known as "Golden" raisins, and the Muscat.

Mr. W. Thompson, Sr., of Yuba City, California, secured the first cuttings of the Sultanina grape in Turkey and introduced it into California. It became an almost immediate success and the Sutter County Horticultural Society named the California-grown grape after its originator, Mr. Thompson. The raisins from this grape have a dark bluish-brown colour and an excellent flavour.

Another variety of seedless raisin, the "Golden", is also widely produced and is in good demand both domestically and on the export market. It is related to the "White" raisin of Europe.

The Muscat variety is almost an original Californian, because it was brought to California long ago by Spanish missionaries. A seed-bearing variety, it is very sweet and is customarily used as a dessert fruit. Muscats are reddish brown in colour and are packed as seeded, loose or cluster raisins.

A few Sultana raisins are produced in California but they are of little importance. They look something like Thompson seedless but have a more tart flavour and are not necessarily free from seeds. They are not graded by size.

Drying the Fruit

There are various ways of turning grapes into raisins. They can be left on the vine until the grapes dry on the stalks; the stalk may be partially cut just before the grapes are ripe and the grapes left to dry on the partly severed stalk, or the fully ripe clusters may be cut off and dried in the sun. The latter system is the one practised in California.

Bunches or clusters of Thompson seedless grapes are cut from the vine when they are fully ripe. They are then either laid on wooden trays or, in the newest system, on clean paper trays between the rows. They dry in the sun for several days and then the paper trays with the partially dried grapes are rolled into bundles and left in the sun in the field to complete the drying and curing process. They next go to "sweat boxes" and are ready to be turned over to the packer. They require no further processing and are stored in the boxes until the time comes to pack them for the consumer.

Golden raisins are also cut from the vines when they are fully ripe but, although some are still sun dried, most of them are dehydrated artificially and treated with sulphur to set the natural colour of the ripe grape. When they are marketed, these raisins retain their light yellow to amber brown colour.

Muscat grapes are harvested fully ripe and, like the Thompson seedless, the clusters are dried in the sun. They are laid on wooden trays between the rows of vines and continually turned by hand during the drying period. When drying and curing are completed, they are placed in sweat boxes and are delivered in this form to the packer. The harvesting season lasts from the end of August to the beginning of October.

In the packinghouse, Thompson seedless and Golden raisins are mechanically stemmed and graded and then whirled in a fine spray of water. After being shaken and dried, they are packaged and weighed. The whole operation is done by machinery.

Muscat raisins which are to be seeded are first stemmed, graded, washed and then heated by steam. This softens the fruit and the seeds can be removed mechanically. Interestingly enough, the machinery used as a "deseeder" is an adaptation of Eli Whitney's cotton gin. When the seeds have been removed, the raisins are packed.

Loose Muscat raisins are stemmed, graded and cleaned but the seeds are not removed.

Some Muscat raisins are sold as cluster raisins—that is, the dried fruit remains on the stems and is not seeded. These are the familiar table raisins.

Thompson seedless raisins are graded in two sizes. The larger are packaged for consumers and the smaller ones (known as "midget", or "bakers") are used principally in the bakery trade. Seedless raisins are packed in consumer-size packages or in 30-pound cases for bakers, cracker makers and other commercial users.

The term "crown" is used to describe the size of Muscat raisins; they range from 1 crown to 4 crown. One-crown raisins measure 12/32 of an inch in diameter, 2-crown 17/32 inch, 3-crown 21/32 inch, and 4-crown over 21/32 inch. Loose Muscat raisins are normally packed in 30-pound cases.

Production and Exports

Production of raisins in California in 1959 is estimated at about 225,000 tons. Production figures for the crop years 1954 to 1958 are as follows (in tons):

1954	165,263
1955	222,470
1956	197,091
1957	159,108
1958	158,368

Although the bearing acreage has increased gradually but steadily (1958, 209,807 acres and 1959, 215,600 acres) 1958 was a disastrous year for dried fruits. Heavy rains severely damaged the raisin crop and cut it down by some 35,000 tons. A large part of the crop was drying in the vineyards when the rains came and, as a result, the industry had the worst mould problem ever. Although soda-dipping of raisins as practised in Smyrna has not been carried on in California to any extent in recent years, it is interesting that the emergency of the mould problem in 1958 induced one Californian to produce some 2,500 tons of soda-dipped raisins and to develop a market for them.

As the 1958 crop was short or damaged, prices were high. But in 1959 raisins of good quality were abundant and prices should remain fairly stable.

The California dried fruits industry and the research organizations are constantly striving to improve the quality of California dried fruits through better growing, harvesting, processing and methods of distribution.

In the raisin industry, much work on mechanical harvesters and artificial dehydration is being carried on. Although the cost of attempting to dehydrate the California raisin crop is almost beyond comprehension, the experiments continue.

Of the approximately 416,000 tons of dried fruit produced in California in 1959, the lion's share (225,000 tons) was raisins. It takes about four pounds of grapes to produce one pound of raisins, so about one million tons of grapes were grown and processed by the industry in California last year. The return to California growers from the sale of dried fruits produced in 1959 will total better than $90 million and the total f.o.b. value should exceed $135 million. ●

Piles of golden grapes under the warm California sun are transformed into rich, reddish-brown raisins. The San Joaquin Valley, once regarded as a wasteland because of the lack of rain, now has become a major raisin-producer for the world.

As the Businessman Sees

The Changing Egyptian Market

How are Canadian exporters affected by drive to make Egypt a center of supply for the Middle East and provide industrial jobs for a growing population?

ARTHUR H. ALLWORTH,
*Manager, Export Division,
Charles E. Frosst and Company.*

As told to O. Mary Hill.

WHEN Arthur Allworth, manager of the Export Division of Charles E. Frosst and Company, went to Egypt late last year, he expected and found striking changes since his last visit, shortly before the Suez crisis. The composition of the trading community, the import regulations, domestic manufacturing, the Government's share in trade and in industrial development—all these had altered significantly. His objectives too were different. In addition to carrying out the familiar program of an export manager on tour—consultation with the company's agent, calls on government officials, visits to old and new customers, investigation of complaints—he had a special assignment. This was to study the current situation and future prospects and to report to Frosst executives on the pros and cons of establishing a branch plant in Egypt (as the Egyptian authorities had been suggesting) or of entering into licensing arrangements.

This problem has already confronted or may soon confront other Canadian companies selling to Egypt. Government control over export and import trade is increasing and its direct interest in industrialization is growing. Motivating both these developments is President Nasser's desire to raise living standards, to make Egypt more independent of foreign suppliers, and ultimately to provide its Arab neighbours (particularly the rich oil producers) with machinery, equipment and consumer goods made in Egypt. This ambition was made clear to Mr. Allworth in his talks with government officials, with the Frosst agent, with local businessmen, and with some of his foreign competitors.

Securing Import Licences

Recent experiences had shown the company how the wind was blowing. For eight months of last year, it had been unable to get a single import licence to meet Egyptian demand for its products. When its stocks there were nearly depleted, the authorities granted one licence for a large amount. Four shipments went forward to Cairo but before the total amount covered by the licence was despatched, the letter of credit expired. On the agent's application, however, the Government allowed two additional shipments.

Predicting whether or not an import licence will be granted and for how much has become a significant part of trading with Egypt. In many fields, the Government itself decides how much of each product shall be imported, often without sufficient knowledge of the demand. Shelves may be stocked with a pharmaceutical product that is not moving, says Mr. Allworth, and customers clamouring for another that is kept out. Obtaining a licence depends upon the usefulness of the product, the cost to the consumer, and on whether something manufactured in Egypt can take its place. The case that the buyer makes to the licensing authorities and the initiative and salesmanship of the agent also have a bearing on the decision. The Government specifies too what imports it considers essential.

Agencies Changing

Mr. Allworth, making his quiet rounds in Cairo, soon discovered other changes. This was his fourth visit to Egypt and he was already acquainted with the importing community. He noted that agencies formerly held by British, French or Jewish businessmen had been taken over by the Government. He observed too that the "Egyptianization" of commercial agencies, set in train by Law No. 24 in 1957, was progressing quickly. This law set up a register of importers (exporters also) and laid down that after five years (1962) non-Egyptian agencies will not be permitted to import. Only subjects of the United Arab Republic will be allowed to operate an agency and if it is a joint stock company, U.A.R. nationals must hold the shares and manage the enterprise.

With the deadline for Egyptianization only two years away, Mr. Allworth had to discuss this situation with the present Frosst agent, a Lebanese. After 1962, he will be able to act as a wholesaler only; the company will not be allowed to ship directly to him.

Not only are import licences restricted and agencies regulated: about 440 items in the Egyptian tariff are prohibited entry. This move is tied in with the growth of local industry. Last August, Frosst learned that more products will be kept out as the months go by. The authorities informed the company that within three years, imports of any pharmaceutical product then being made in Egypt will be cut off. Within five years, certain chemicals now being purchased abroad must be manufactured domestically. Official figures reveal that 115 new plants have been opened in Egypt during the last two years—proof of the reality of the industrial drive.

Other minor trade regulations have been passed. Samples—important in the pharmaceutical trade—have not escaped official attention. Those coming in from other countries are taxed and 25 per cent of the quantity must be donated to hospitals. Imported promotion materials are also taxed. The Government fixes the prices of certain commodities, including pharmaceuticals, carefully. Incoming shipments are appraised and every two weeks the official *Gazette* publishes a list of the pharmaceuticals that have arrived (no quantities are given) and the prices at which they will sell.

Building a Branch Plant

Mr. Allworth knew that many foreign manufacturers, faced with Egypt's industrial advance and curtailment of imports, have chosen to put up branch plants in or near Cairo. Should his company follow their lead? He spent a good deal of his time investigating this question. Overseas firms who wish to establish in Egypt must apply to the authorities for approval. The application must be buttressed with an impressive array of documents, containing figures on every possible phase of the proposed operation —administration, production, distribution, promotion, research and development. The Egyptian Government then studies the brief and the supporting data. It bases its decision not only on the material supplied but also on how much this type of manufacturing is needed. If it feels the plant is essential, it may relax some of the requirements, as it did not long ago for a United States manufacturer of antibiotics.

The regulations on branch plants are framed with one end in view—helping Egypt to develop industrially. Among the more important are:

1. Foreign companies may not set up wholly-owned subsidiaries; they must enter into joint ventures with U.A.R. nationals. The latter must control at least 40 per cent of any enterprise. Originally the figure was 51 per cent, but so few foreign companies were attracted that this stipulation was altered.

2. The company setting up the plant must agree to train Egyptian staff both in Egypt and at home base. It may employ only an agreed percentage of non-nationals.

3. Only a specified percentage of the profits may be exported. Pharmaceutical manufacturers, in addition, must help to finance medical research in Egypt.

4. The plant must export part of its production to other Arab countries in the Middle East.

One of the questions that Mr. Allworth looked into was the competition that a pharmaceutical plant in Egypt would have to face. The country already has three government-owned laboratories. The Swiss, the Germans, the Belgians, the French and the Americans all are selling pharmaceuticals there and some of these firms are already planning joint ventures. The Egyptian attitude towards competition he found interesting. At present, only one plant is permitted to turn out a specified chemical. Discussing this with an Egyptian, Mr. Allworth remarked: "Why not let a number of firms turn out these products and compete among themselves? Competition makes for efficient business." The answer was that some of the firms might be forced to the wall if competition were unrestricted and the local investment made in these companies must be protected. Egypt feels that it cannot yet *afford* competition.

Some overseas firms have declined to move into Egypt for other than competitive reasons. One is the regulation that certain raw materials or components (such as chemicals) may be imported only for a specified time and afterwards must be made in Egypt. In addition, the licensing authorities can and do specify the country of supply for raw materials, often basing their decision on availability of currency for payment. Another is the Egyptian emphasis on price rather than quality, probably inevitable until the standard of living rises.

Licensing a Solution?

Some overseas firms, not prepared to put up branch plants, are studying licensing arrangements as a means of keeping a foothold in this Middle East market. The regulations governing licensing are designed to further Egypt's plans for self-sufficiency. The foreign firm entering into an arrangement receives a royalty of 5 per cent for ten years, 3 per cent for five years, and 2 per cent for the next five. At the end of the twenty years, royalty payments cease. The economics of a licensing proposal should therefore be studied closely before it is accepted. So should a third approach—buying into a local company.

One of Mr. Allworth's strongest impressions during his visit was the optimism prevailing in Cairo. The first question Egyptians put to him was: "Do you notice any improvement?" and they were gratified by his positive response.

From his years of dealing with Egyptian customers and agents, Mr. Allworth has learned much about the characteristics and difficulties of this market. He makes a number of points that Canadian exporters already selling to Egypt or thinking about possibilities there will find worth attention.

1. Go to Egypt yourself if you want to understand the trading atmosphere. Not enough Canadians follow this practice. United States firms often send out four or five people at a time and they spend a month or two in Cairo. (Cairo and possibly Alexandria are the only cities that need be covered.)

2. Be prepared to adapt yourself to changing conditions and to cope with trade regulations and restrictions and the problem of obtaining import licences.

3. If you have not sold in Egypt before, it may be wise to deal with one of the new government importing agencies. At least be sure that the agent you select has good government connections. (Cairo offers plenty of good agents.)

4. Watch out for opportunities of securing orders through government tenders; a good deal of business is done in this way. But your prices will have to be low.

5. Bear in mind that competition is keen, not only from local manufacturers but also from European and United States suppliers.

6. At the outset, sell on letter of credit only, until you consider it advisable to offer other terms.

7. Don't neglect the other province of the United Arab Republic, Syria. Be careful to choose a Syrian agent because the same restrictions apply here as in Egypt. Import licences for Syria are easier to obtain and terms are usually sight draft. ●

India's Export Trade in Tobacco

IMPROVED quality and increased exports of tobacco are being stressed under India's Second Five-Year Plan. The country is the world's third largest producer and fifth largest exporter of tobacco.

Under the Plan, Rs.2.6 million were allocated for the improvement of the industry. Six research institutes are studying better growing, curing and storage methods. During the first two years of this program, 16,000 pounds of improved seeds were produced and planted over an area of 170,000 acres. A program for educating farmers to adopt more efficient methods of cultivation, curing and handling is also under way.

To ensure good quality tobacco for export, the Indian Tobacco Association was formed several years ago. In addition, Tobacco Grading Inspectorate officers inspect, grade and seal each package destined for shipment abroad.

A Tobacco Export Council, composed of manufacturers and exporters as well as government officials, has also been formed. A non-profit organization, it receives some financial assistance from the Export Promotion Directorate of the Ministry of Industry and Commerce. Tobacco sales officers have been appointed in London, Antwerp and Hong Kong.

Efforts are being made to have tobacco included as an export commodity in trade agreements signed with other countries. In the Indo-Ceylonese Trade Agreement of 1958, for instance, Ceylon undertook to purchase annually over a four-year period six million pounds of bidis (crude cigarettes with dried tree-leaf wrappers) and unspecified quantities of other varieties of tobacco. In return, India agreed to buy 2.7 million pounds of Jaffna tobacco a year for the same period.

Production of tobacco totalled 685 million pounds in 1956-57 and 564 million in 1957-58. This makes it one of the more important Indian cash crops though, on the average, tobacco accounts for only 0.3 per cent of the total area sown to principal crops. It comes ninth among India's exports and provides farmers with an annual income of about Rs.400 million.

Exports of tobacco from India during 1958 reached the all-time record value of Rs.163 million, Rs.35 million more than in the preceding year. Raw tobacco exports, at 106 million pounds valued at Rs.147 million as against 80 million pounds worth Rs.116 million in 1957, accounted for over 90 per cent.

Virginia flue-cured tobacco for cigarette manufacture is the most important type, and in 1958 accounted for 92 per cent of exports (Rs.135.5 million). The United Kingdom takes about four-fifths of this. The two next most important markets, Communist China and the U.S.S.R., buy substantial quantities of the medium and low grades; in 1958, however, China purchased one million pounds of top grade for the first time.

Shipments abroad of the remaining varieties in 1958 totalled Rs.12 million. Nearly half of these exports by volume went to Aden and consisted mainly of leaf for making chewing tobacco. About 2.7 million pounds of sun-cured natu-desi and sun-cured Virginia were bought by the United Kingdom.

Though exports of manufactured tobacco from India are small compared with foreign sales of unmanufactured tobacco, they totalled 4.7 million pounds worth Rs.16 million in 1958.

—G. P. MORIN,
Assistant Trade Commissioner, Bombay.

Selling to Sweden and Finland

Our Commercial Counsellor in Stockholm who begins a cross-Canada tour on June 8 briefs exporters on the market in the two Scandinavian countries that he covers. For his detailed itinerary, see page 36.

A. P. BISSONNET,
Commercial Counsellor, Stockholm.

The Town Hall on the shores of Lake Mälaren, opened in 1923, constitutes a major attraction for visitors to modern Stockholm. To Canadian businessmen who have personally explored the Swedish market it has become a familiar sight.

THE recession that affected Sweden in 1958 and early in 1959 gave way to a marked upswing during the second half of 1959; when the year ended, the improvement had spread throughout the economy. The first quarter of 1960 has seen such rapid gains that some people now talk of a major boom. This does not seem to be an exaggeration. Foreign trade—mostly imports—has increased substantially, industrial production has reached new highs, and unemployment is lower than at any time in recent years. At the moment some people have fears that this expansion may lead to inflation and therefore hope that it has reached its peak.

In actual figures, industrial output was up 9 per cent in January over a year ago, and over the four months November-February the value of exports was 14 per cent higher than a year ago; imports were up 23 per cent.

Industry is taking advantage of the current boom to modernize and expand; recent information has it that it plans to increase investment by 17 per cent over 1959. Order-books are fuller than a year ago, with exports rising steadily in volume.

Generally, all sectors of the Swedish economy are prospering and expanding. The only uncertainty seems to be in shipbuilding, where the future is clouded because of lack of orders.

Markets in Brief

SWEDEN

Area: 173,624 square miles.

Population: 7.4 million.

Climate: moderate, with short summers, long winters.

Language: Swedish. English and German main foreign languages used in business circles.

Currency: Krona; one Krona (Sw.Kr.) equals Can.$0.1876 at rate applicable to all imports as at May 9, 1960.

Weights and measures: metric system.

Capital: Stockholm.

Chief ports: Göteborg, Stockholm, and Malmö.

Marketing centres: Stockholm (population) 809,000; Göteborg 397,000; Malmö 222,000; Norrköping 90,000; Hälsingborg 76,000; Uppsala 75,000; Västerås 75,000; Örebro 74,000; Borås 66,000.

Economy: forests, iron ore and waterpower are principal basic resources. Manufacturers of capital goods have invested heavily in new plant since 1945, most substantially in the pulp and paper, engineering, and mining industries. Consumer industries have also increased output but their relative share of total production declining.

Total Swedish imports: (millions of Sw.Kr.) 1959—12,448.6; 1958—12,249.3.

Chief imports: (in millions of Sw.Kr.) 1959—machinery, apparatus, and means of transport 3,210.4; mineral fuels and oils, etc., 1,871.1; foodstuffs, beverages, tobacco 1,649.4; base metals 1,286.1; non-edible raw materials excluding fuels 951.0; products of chemical and allied industries 948.3; yarns, piecegoods and made-up articles, excluding clothes 775.8.

Chief suppliers: (millions of Sw.Kr.) 1959—West Germany 2,808.8; United Kingdom 1,715.9; United States 1,308.1; Netherlands 965.2; Canada 79.2.

Value of imports from Canada: 1959—Can.$15,048,880; 1958—Can.$11,007,850.

Chief imports from Canada: (thousands of Canadian dollars) 1958—primary and semi-fabricated nickel 2,150; primary and semi-fabricated aluminum 2,108; rolling mill products (iron and steel) 513; machinery (non-farm) and parts 497; cooked meats and meats n.o.p., 445; synthetic plastics, primary forms 410; primary and semi-fabricated copper 387; unmanufactured asbestos 382; electrical apparatus, n.o.p., 358; internal combustion engines and parts 324.

Total Swedish exports: (millions of Sw.Kr.) 1959—11,417.3; 1958—10,798.7.

Chief exports: (millions of Sw.Kr.) 1959—machinery, apparatus and means of transport 3,406.8; paper pulp and paper waste 1,635.2; base metals 1,054.3; paper, board and manufactures thereof 981.0; wood products and cork 973.3; ores and metal scrap 887.2; foodstuffs, beverages and tobacco 395.3; products of chemical and allied industries 344.1; manufactures of wood and cork 239.3.

Chief markets: (millions of Sw.Kr.) 1959—West Germany 1,722.6; United Kingdom 1,714.2; Norway 1,133.9; United States 906.5; Canada 94.0.

Value of Canadian purchases: 1959—Can.$18,307,408; 1958—Can.$14,141,066.

Chief Canadian purchases: (thousands of Canadian dollars) 1958—machinery (non-farm) and parts 4,215; electrical apparatus, n.o.p., 737; iron and steel rolling mill products 688; undressed furskins 656; ball and roller bearings 630; paperboard, paper and products 628; farm implements and machinery (except tractors) and parts 591; passenger automobiles 568; firearms and parts 84.

FINLAND
SWEDEN
NORWAY
Gulf of Bothnia
Uppsala
Gulf of Finland
Västerås
Stockholm
Örebro
Norrköping
Göteborg
Borås
DENMARK
Hälsingborg
Baltic Sea
U.S.S.R.
Malmö
GERMANY
POLAND

Dollar exchange: foreign exchange is provided automatically for goods on the liberalized list and for goods for which import licences have been granted.

Prices: quotations c.i.f. in Kronor or U.S. dollars preferred.

Samples: samples of no commercial value are duty-free; duty paid on other samples is refunded on re-export within six months, provided that certain formalities are observed when the samples enter the country.

Trade agreements: most-favoured-nation agreement with Canada.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: main correspondent Swedish banks are AB Svenska Handelsbanken, Skandinaviska Banken AB, and Stockholms Enskilda Bank, all in Stockholm.

Correspondence: preferably airmail; letters 15 cents each half-ounce.

For detailed information on this market write to:

Chief, European Division,
International Trade Relations Branch,
Department of Trade and Commerce,
Ottawa.

or

Commercial Counsellor
Canadian Embassy,
P.O. Box 14042,
Stockholm, Sweden.

On a per capita basis, Sweden is the world's seventh largest trading nation. Thus her economic wellbeing depends greatly on her foreign trade and it is generally considered to be the source of her present high standard of living. Like many other countries in this situation, her tariffs are among the lowest in the world.

Sweden's principal trading partners are West Germany, the United Kingdom, and the United States. In 1959 Canadian exports to Sweden were valued at $15 million as against $11 million in 1958. Figuring largely in our shipments to Sweden are seeds, fish, steels, copper, polystyrene, fresh apples when the season demands, canned fruits, lobster, aluminum, nickel and asbestos. Imports into Canada from Sweden consist chiefly of products from the engineering industries and in 1959 were valued at $18 million, a rise over the $14.1 million of 1958. Total 1959 trade between Canada and Sweden, at $33 million, was the highest on record.

Characteristics of Market

Sweden's economy very much resembles Canada's. It is based on three natural resources: the forests, waterpower, and iron ore. The country is about the size and shape of the State of California and is the third largest in Europe, ranking after France and Spain. Its population of approximately 7.5 million gives it a population density of 42 per square mile (Canada, 4.52 per square mile). Sweden has succeeded so well in having its people benefit from its vast natural wealth that it has the highest standard of living in Europe and an individual purchasing power exceeded by few other countries.

The traveller to Sweden can look about him almost anywhere, in the city or in the country, and get an insight into the high level of living and general prosperity. Sweden pays the highest wages in Europe and in any list of cars or telephones per 1,000 population, national income per capita, or any other index of material wellbeing Sweden ranks high by any standards.

Swedish industry has concentrated on products in which it has a natural advantage because of raw materials close by or special know-how. In fact, manufactured goods account for 45-50 per cent of Sweden's imports and for only 26 per cent of its exports. Raw materials or their immediate derivatives make up 61 per cent of all exports. Swedish engineering industries, none the less, have achieved high standards and Swedish-developed techniques and inventions are well known.

Sweden produces 107 per cent of its essential food needs and thus has a small exportable surplus, mostly dairy products.

Because of the high standard of living, the specialization of home industry, the lack of certain raw materials such as non-ferrous metals, etc., Sweden has become an important market for foreign goods. For these reasons its per capita imports are larger than in most other countries.

Fuels—oil, coal and coke—are, of course, the biggest single import. However, Sweden also brings in large amounts of chemicals, iron, some types of steel, as well as machines and other engineering products, automobiles, instruments, etc., even though considerable quantities are produced locally.

Imports of foodstuffs vary with the season and the size of local crops, but many food products cannot be grown domestically and as a result purchases abroad are large. Fresh and canned fruits form a significant part of these imports.

Textile imports also bulk large and include raw materials and semi-manufactures (yarns) for the Swedish textile industry, as well as manufactured goods of different kinds, such as piecegoods, knitted wear, readymade clothes, etc. Besides textiles, Sweden buys abroad various other consumer goods—such as gloves, shoes, furs, sports and travel goods, toys, cameras, watches, jewellery and other things too numerous to mention.

Selling to Sweden

Approximately 73 per cent of total Swedish imports originate in West Germany and the United Kingdom, but this does not mean that other countries cannot sell in Sweden. With a few minor exceptions the Swedish market is freely open to imports from any source, with no currency or other restrictions. In fact, Sweden is the most open, and therefore the most highly competitive, market in Europe.

Imports enter Sweden in various ways, going either direct to large users or via different types of more or less specialized importers. These include wholesale importers, large retailers such as department and

IMPORTS INTO SWEDEN FROM PRINCIPAL SUPPLIERS

	West Germany	United Kingdom	United States
	(millions of Swedish crowns)		
Foodstuffs	30.2	28.4	163.2
Tobacco and beverages	4.9	12.6	55.7
Raw materials	41.1	94.3	106.4
Mineral fuels and lubricants	127.7	303.3	102.9
Oils and fats	12.3	2.4	15.9
Chemicals	257.3	145.4	146.1
Manufactured goods	625.6	449.0	199.2
Machinery and vehicles	1,443.2	583.3	446.2
Miscellaneous manufactures	276.1	96.9	71.9
Other miscellaneous	0.1	0.2	0.4
Total	2,818.5	1,715.9	1,308.1

chain stores, co-operative organizations, or even foreign sales subsidiaries. It is estimated that a large part of total imports into Sweden come through the wholesale trade; this applies not only to consumer goods but also to a significant extent to raw materials for industry.

The exporter to Sweden must not be content simply to select an agent or other outlet. In this market he must make an intense and continuous sales effort if he wants to hold his own. Not only prices and qualities but also the ability of the exporter to adapt himself to market requirements are decisive. To succeed in selling to the Swedes, the exporter should visit the country and call on his customers; otherwise he will not be able to adapt sales conditions to competition. Advertising is important to make goods known.

In short, only exporters who are prepared to put real effort into this market can hope for good results in the long run. Sweden is a small country but it has an unusually large purchasing power. Highly competitive for that very reason, it is nevertheless one of the best test or trial markets in Europe. If you succeed in Sweden, chances for success in the rest of Scandinavia and Europe are good. On this point, it is worth thinking of Finland, Norway, Denmark and Sweden in many instances as a common market for your products.

Swedish importers are used to having the foreign exporter come to them, literally if not figuratively. In short, this is a buyer's market. Quotations should be c.i.f. Swedish port in U.S. funds or Swedish crowns where possible. Do not ask for letter-of-credit terms; terms vary in different trades but cash against documents for 60 days or more is normal. ●

Finland

FINLAND is at present experiencing the biggest business boom in recent history. Visitors can easily observe many outward signs of this. There are more new cars on the highways and city streets, the shop windows are tastefully decorated with quality goods, and people generally seem to be buying more of the products that make life easier and more pleasant. The economic indicators are impressive. The gross national product is up almost 5 per cent over the same period last year. The convertible foreign exchange revenues have reached a postwar high. Unemployment is much lower than in 1958 and 1959 and prices are remaining steady despite increasing demand. One of the best indications of satisfactory conditions in Finland is that the cellulose industry announced recently its plans for an increase of 40 per cent in capacity during the next three years. The paper and board industry is planning a similar increase.

In keeping with the over-all improvement in Finland's internal and external economy, the trade balance was favourable at the end of the year, despite a sharp rise in imports in the last two months. Figures for the first quarter of 1960 are not yet available, but it can safely be assumed that trade continues to show an export surplus.

Of significance in the pattern of Finnish foreign trade is the importance of trade with the Soviet Bloc, which is largely governed by a series of bilateral agreements. In 1959, 23.5 per cent of Finland's

IMPORTS INTO FINLAND

	West Germany	United Kingdom	United States
	(in millions of Fmks.)		
Total imports:	38,513	31,058	13,139
of which:			
Machinery and apparatus (non-electrical)	8,540	3,911	3,161
Iron and steel	6,232	4,521	339
Means of transport, except aircraft and watercraft	5,005	6,742	1,719
Machinery and apparatus (electrical)	4,404	1,305	696
Chemicals and pharmaceuticals	2,692	1,985	754
Cotton	1,029	1,063	1,434
Fertilizers	982	10	
Precision instruments	860	219	138
Rubber and manufactures	763	690	151
Colours, paints, varnishes, etc.	758	499	69
Wool and other animal fibres	409	2,974	8
Mineral fuels	721	1,369	623
Cereals		99	1,201
Edible fruits	22	4	752
Tobacco		1	687

Markets in Brief: Finland

Area: 130,100 square miles.

Population: 4.4 million.

Climate: moderate, with short summers and long winters.

Language: mainly Finnish but also Swedish. English and German main foreign languages used in business circles.

Currency: Markka; one Finnmark (Fmk.) equals Can.$0.003032 at certificate rate applicable to all imports as at May 9.

Weights and measures: metric system.

Capital: Helsinki.

Chief ports: Helsinki, Turku, Oulu, Pori, Kotka, Rauma.

Marketing centres: Helsinki (population) 437,000; Tampere 119,250; Turki 117,000; Lahti 62,000; Oulu 51,000; Pori 50,000; Vaasa 42,700; Kuopio 40,300; Jyväskylä 35,400; Kotka 28,900; Hämeenlinna 26,800; Kemi 26,300; Rauma 20,200.

Economy: mainly based on timber, pulp and paper industries, which account for more than three-quarters of Finland's foreign exchange earnings.

Total Finnish imports: (in millions of Fmks. c.i.f.)—1959, 266,789; 1958, 233,303.

Chief imports: (in millions of Fmks. c.i.f.) 1959,—machinery and equipment (non-electrical) 33,474; automobiles, motorcycles, etc., 28,586; mineral fuels, oils, etc., 28,409; iron and steel 28,256; machinery and equipment (electrical) 14,645; chemicals and pharmaceuticals 13,631; grain 10,956; cotton textiles 9,405; woollen textiles 8,316.

Chief suppliers: 1959 (in millions of Fmks. c.i.f.)—West Germany 47,983; U.S.S.R. 47,145; United Kingdom 35,535; Sweden 23,769; United States 13,873; France 12,939; Canada 1,075.

Value of imports from Canada: 1959—Can.$2,772,640; 1958—$2,334,211.

Chief imports from Canada: 1959 (Can.$)—wheat, except seed 1,206,515; power-operated saws and parts 347,778; drugs and chemicals, n.o.p. 195,231; medicinal preparations 144,011; primary aluminum 142,060; marine engines and parts 122,048; synthetic resins, n.o.p. 97,218; unbleached sulphate kraft wood pulp 92,089; aircraft engines and parts 71,957.

Total Finnish exports: (in millions of Fmks. c.i.f.) 1959—267,241; 1958—247,934.

Chief exports: (in millions of Fmks. c.i.f.) 1959—timber and manufactures of wood 77,106; paper, cardboard and manufactures of same 71,570; wood pulp 48,266; aircraft and watercraft 18,300; machinery and equipment (non-electrical) 14,919; dairy products, eggs and honey 10,693; copper 3,753; machinery and equipment (electrical) 3,137.

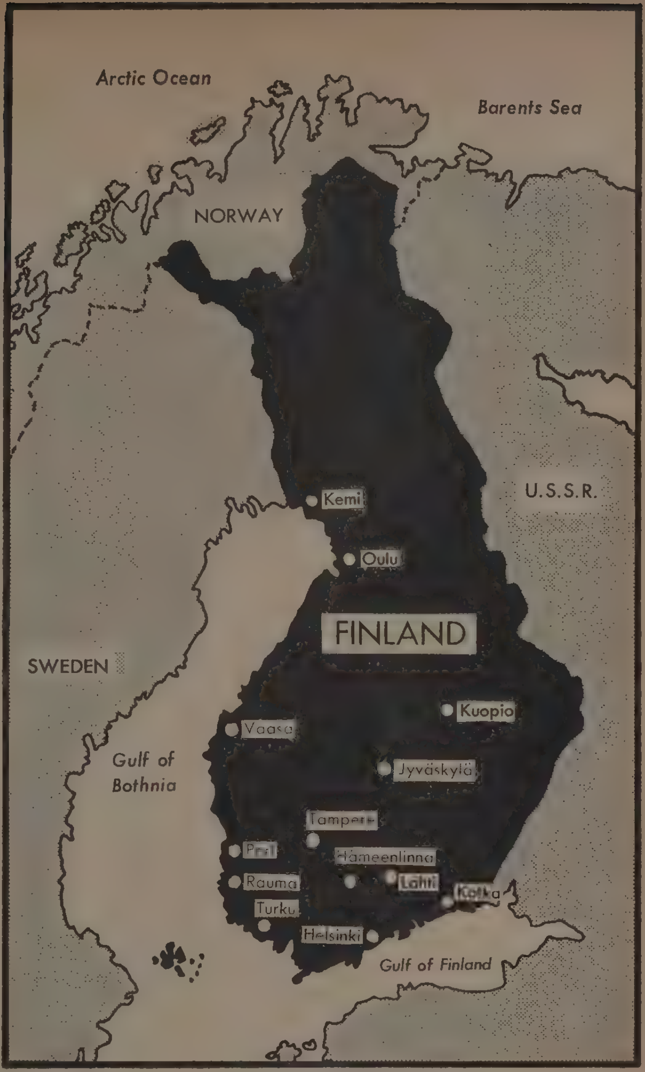
Chief markets: (in millions of Fmks. c.i.f.) 1959—United Kingdom 60,363; U.S.S.R. 44,790; West Germany 29,195; United States 15,530; Netherlands 13,441; France 12,644; Canada 269.

Value of Canadian purchases (Can.$): 1959—946,832; 1958—564,441.

Chief Canadian purchases (Can.$): 1959—building and insulating board 193,044; hardwood plywood 133,520; granite manufactures 87,926; cheese 87,537; undressed mink skins 77,140; wrapping paper, all kinds, n.o.p. 55,107; rough granite 35,701; baths, bathtubs, basins, etc., n.o.p., 21,867.

Dollar exchange: with some exceptions, foreign currency for payment of imports not subject to import licences will be granted only if payment is effected before customs clearance of the goods in Finland. Currency is made available by the Bank of Finland on presentation of an invoice and bill of lading and, when necessary, an import licence.

Prices: quote in U.S. dollars, c.i.f., whenever possible.



Samples: samples of no commercial value, duty-free; other samples require a deposit that is refunded if the goods are re-exported within six months. Samples that Canadian businessmen bring with them must be taken out of the country within 12 months from date of import, otherwise duty is charged.

Trade agreements: most-favoured-nation agreement with Canada.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: main correspondent banks are: Nordiska Föreningsbanken, and Kansallis-Osake-Pankki, Helsinki.

Corrspondence: preferably airmail; letters 15 cents each half-ounce.

Note for visiting businessmen: Canadian businessmen travelling in Finland are not permitted to accept orders from, or sell to, customers *direct* without first acquiring a "Travelling Salesman Permit" (present cost Fmks. 18,000 per month). This does not apply to orders or sales made via a Finnish business intermediary.

For detailed information on this market write:

Chief, European Division,
International Trade Relations Branch,
Department of Trade and Commerce,
Ottawa.

or

Commercial Counsellor,
Canadian Embassy,
P.O. Box 14042,
Stockholm, Sweden.

total exports went to Soviet Bloc countries and 24.5 per cent of her imports came from that source. Exports to the 13 countries comprising the European Economic Community (the Six) and the members of the European Free Trade Association (EFTA or the Seven) constituted 57.8 per cent of total exports; 64.0 per cent of the country's imports were purchased from the 13.

Finland's most important trading partners are the United Kingdom, the U.S.S.R., and West Germany, in that order.

Imports from the U.S.S.R. are, of course, regulated by a trade agreement. The accompanying table gives some indication of the pattern of imports into Finland from certain supplying countries in 1958.

At present, U.S. exports to Finland are up 8½ per cent over the same time last year and Finnish exports to the U.S. are up 30 per cent.

Trade with Canada

Canada's exports to Finland during 1959 totalled $2.8 million as against $2.3 million a year earlier. Finland's sales to Canada during 1959 were valued at $947,000, some $383,000 more than in 1958. Wheat, even though sales are relatively small, has ranked first among our sales to Finland and during 1959 the figure was $1.2 million, almost double that for 1958. Other commodities with increased sales during 1959 included medicinal preparations (up to $144,011) and synthetic resins ($97,218) both of which trebled over 1958. Power-operated saws, drugs and chemicals also made small gains. The market for fresh apples and forage crop seeds depends on crop conditions in Finland during the year. Finnish exports to Canada consist principally of building and insulating board, plywood and granite.

The Finnish economy is soundly based on its great forest resources. The forest industries alone account for 23 per cent of industrial production and products derived from the forest account for roughly 75 per cent of the vital export trade.

During the past 20 years or so, the Finnish metalworking industry has grown considerably until now it accounts for 19 per cent of industrial production. This industry, in addition to providing a large part of domestic requirements for machinery (especially in the forest products industries), builds and exports ships, electrical machinery, etc.

What Kind of Market?

Because of the rather specialized nature of Finnish industry and the lack of so many raw materials, Finland, like Sweden, is an important though somewhat smaller market for imported goods.

Imports into Finland from most OEEC countries and from Canada and the United States come under a global quota system. This permits fairly liberal treatment in so far as Canada is concerned and, in fact, there are relatively few products subject to import restrictions.

Because the economies of Finland and Canada are rather similar, only a limited number of products can be traded. This very similarity, however, suggests that each country must have specialized knowledge, knowhow or equipment that would be of commercial interest to the other. Engineering services could be one. Machinery for use in the forest products industries and ice-breaking techniques and icebreakers could be others.

The largest category of imports into Finland is raw materials for industry and agricultural requirements. With expanding industry and a buoyant economy, the demand for many basic products such as steel, raw plastics, and chemicals—to name but a few—should grow. Products for use in agriculture include farm implements and machinery, fertilizers, seeds, etc.

In finished products, there is a growing market for many semi-essential products as well as for non-essentials. Power chain saws, packaged medicinal preparations, some textiles, and automobile parts are a few of the products for which Finland offers a market. It must be remembered, however, that competition in these products—in consumer durables generally—is stiff, especially from West Germany and the United Kingdom.

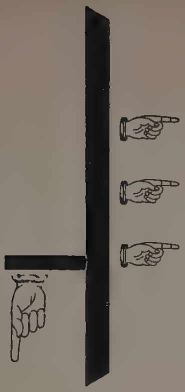
For foodstuffs—particularly canned fruits, salmon and lobster, which are now licensable for import from the dollar area—Canadian exporters should find an increasing market, provided they can meet prevailing competition.

Canadian wheat, because of its high quality, should continue to be in demand for mixing purposes and fresh apples from Canada can find a market in Finland when local crop conditions warrant imports.

Trading Practices

The import trade in Finland is carried on in several different ways. In addition to import agents and importers proper, there are other types of firms. An agent may buy for his own account acting as a wholesaler, or an importing wholesaler may also act as an agent. Some importers have their own retail stores. Groceries are largely imported through agents, as are textiles. However, raw materials, machinery, etc., are mostly imported by import firms for their own account but often acting as agents as well.

The Finnish market is now more open to Canadian goods than it has been for several years. But under current conditions it has become highly competitive and any great increase in Canadian exports to Finland is unlikely unless interested exporters are prepared to go after customers vigorously. Exporters should be prepared to visit the country themselves; a combined trip to Scandinavia would be well worthwhile because many of the tastes, requirements and preferences are similar in these countries. ●



Advertising Abroad

In Sweden, advertising agencies offer a wide range of services; over half the accounts of some of the largest ones come from North America and the United Kingdom.

A. P. BISSONNET, *Commercial Counsellor, Stockholm.*

SWEDEN'S advertising expenditures jumped by some 12 per cent in the first ten years after the war—an increase about four times that of the gross national product. Sweden now spends Kr.700 million a year on advertising, compared with Kr.100 million 40 years ago. Its volume of advertising spending in relation to population will soon surpass Britain's, and even begin to approach that of the United States.

Sweden's advertising boom can be attributed to a standard of living that is one of the highest in Europe; the vast middle class has a well developed appetite for consumer goods and services. If we take the buying of private automobiles as a gauge of living standards, Sweden is in the forefront in Europe. Since 1946, the number of private cars has quadrupled and in December 1958 there were 1.1 million registered motor vehicles (cars, buses, trucks), or one for every 6.8 inhabitants. If the trend continues, the U.S. standard of one car for every two inhabitants should be reached by about 1970.

Newspapers in the Lead

There is no commercial television in Sweden and the advertiser must rely primarily on the Swedish press. His task in using this medium is simplified by the distribution of the population. Sweden has about 7.5 million people, but over six million live in the southern third of the country and half of these are settled in a dozen urban districts—principally around Stockholm, Gotëborg and Malmö. In addition, nine main shopping areas serve one-third of the population and draw over two-fifths of the buying power.

The 13 big national dailies reach 40 per cent of all households and practically all the higher income groups, which account for some 20 per cent of the population. Most leading industrialists and officials read at least one of these papers every day and are on the lookout for industrial advertisements on certain pages. The provincial press comprises some 50 dailies, and 15 of these have circulations of over 30,000.

SWEDISH ADVERTISING EXPENDITURES, 1958

Advertisements in:	Million kronor (estimate)	Per cent
Dailies:		
national	125.9	18.0
provincial	121.1	17.3
Weeklies	49.0	7.0
Trade press	48.3	6.9
Yearbooks, programs, etc.	7.0	1.0
Advertisement production	19.6	2.8
Direct mail, pamphlets	133.7	19.1
Posters	6.3	0.9
Films	9.1	1.3
Window displays	105.0	15.0
Gifts (calendars, etc.)	32.9	4.7
Exhibits	21.0	3.0
Anniversary publications	1.4	0.2
Market investigations	2.8	0.4
Advertising administration	19.6	2.8
Total	700.0	100.0

The relative importance of the various advertising media can be seen from the accompanying table of estimated advertising expenditures during 1958.

The table shows that the Swedish dailies take about 35 per cent of total estimated expenditures on advertising, followed by direct mail campaigns (19 per cent) and window displays (15 per cent). Window displays (including point-of-sale material) are of great and increasing importance and tie in with the changing pattern of Swedish retail distribution. Sweden has almost as many self-service stores as Britain (although it has only one-seventh the population) and the number is increasing rapidly; nearly 600 new self-service stores were opened last year. One-fifth of all Swedish groceries are bought by self-service. Shopowners are thus depending less and less on the salesman behind the counter and more and more on advertising in the press, point-of-sale advertising and direct mail campaigns.

Swedish daily newspapers absorb over 90 per cent of agency work. They are generally well edited and the best of them are well equipped technically. Agency commissions range from 15 per cent for the big city papers considered national in coverage to 22 per cent for the provincial press. Newspaper advertising is probably still the least expensive, at least in the bigger dailies. Stockholm's *Dagens Nyheter,* the nation's largest paper with a circulation in excess of 300,000, charges about Kr.8,000 (about $1,440) for a full-page ad and some papers consist of as much as 70 per cent advertising.

The quality of newspaper advertising is generally good, though it might be pointed out that the Swedish language has a much smaller vocabulary than English. Copywriters are therefore limited in their search for allusions, synonyms and descriptive adjectives.

Other Media

Sweden's second biggest advertising expenditure (19.1 per cent, higher even than in the United States) is for the production and distribution of printed matter. Direct mail campaigns are greatly aided in Sweden by a National Registry, available to everyone, in which the occupants of each household are named and classified by age, sex, occupation and marital status. Printing and mailing costs are high, however, and advertising men are sparing in their use of the technique.

As I have already mentioned, window displays and point-of-sale material are of great and increasing importance, mainly because of the spectacular development of self-service stores after the war. Some firms have experimented with coupons but with little success, for the Swede has an innate scepticism about getting something for nothing.

Magazine advertising is not as important as it is in the United States or Canada. There is a lack of genuine competition among the popular weeklies, resulting in publications of mediocre quality by Canadian standards. Trade journals are a good alternative to advertising in the national and provincial newspapers. Through them, one can reach the right person every time.

Although movie advertising claims a mere 1.3 per cent of total expenditures on advertising, it is considered so effective that advertisers vie furiously for positions on crowded screening schedules. Sweden has a larger number of movie seats per capita than any other country (in 1957, 82 seats per 1,000 inhabitants).

Outdoor advertising is used very little. Apart from the fact that it spoils the beauty of the countryside, the Swedes consider it a traffic hazard; a driver's attention must not be distracted. Neon signs, particularly moving ones, are almost totally absent for the same reason.

How the Swedes Look at It

Swedish advertising is similar to Canadian advertising, but there are differences because of the nature of Sweden and the Swedes. The following are probably the main ones.

The Swedes are not as easily influenced as North Americans by superlatives; they are more amused than impressed by extravagant claims for uniqueness and perfection. Newness is not a magic maker of sales; the Swede looks for utility. An example is the *Volvo* automobile company's recent introduction of a five-year performance guarantee. And no Swedish agency today would seriously consider trying to convince the Swedish family that it needs two cars.

The biggest and most amusing difference between advertising in North America and in Sweden clearly reflects the different social habits in these countries. Swedes lack almost completely the puritanical outlook on life. Advertising based on the premise that the only road to social popularity and matrimony is paved with dentifrices, deodorants and cosmetics is not taken too seriously. A Swedish girl knows that it is not the shade of her lipstick that will solve her matrimonial problems and wrinkles are socially acceptable. "I have two passions in life. The other is 'X' coffee," might raise eyebrows in Canada but would probably only raise sales in Sweden. The so-called "unmentionables" are also treated with a great deal of frankness—obviously a big advantage for Swedish agencies.

The average Swede is suspicious of price-cutting and flamboyant sales announcements. Prices, if mentioned, are fixed prices, set by manufacturers for the whole country; these are subject to minor variations by retailers according to location.

Instalment buying has been officially discouraged for many years, but is now rapidly gaining ground. The powerful Swedish co-operative societies also warn about instalment buying.

Swedish advertising is almost entirely self-policed. The Government exerts prior censorship over advertisements of medicines and prescription drugs. The legitimacy of claims for other products is the responsibility of the advertisers and agencies working with them and applying the code of ethics of the International Chamber of Commerce. Individual papers may, of course, have their own taboos, such as advertising liquor or tobacco.

Much foreign sales literature today is translated into Swedish with little consideration for the different marketing conditions in Sweden. Recently, however, Swedish agencies have tended to conceive original promotion material.

Advertising Agencies

There are 40 or so authorized advertising agencies recognized by the Association of Swedish Newspaper and Magazine Proprietors. The agencies also have their own association, the Swedish Sales and Advertising Association. Swedish agencies (even the large ones) are not large by North American or British standards: two have annual sales in excess of Kr.30 million, six or so have sales between Kr.20-30 million, but most of them sell under Kr.5 million. Today, over half the accounts of Sweden's second largest advertising agency are from the United States and the rest divided equally between Swedish and British firms.

Competition for Sweden's domestic accounts is becoming keener, and many agencies are now offering a wide range of services. Market research is one of these. Sweden's first and biggest marketing research organization, IMU, the Institution of Market Research, was founded by an advertising agency in 1932. Today, 70 per cent of its assignments come from other advertising agencies. The bigger Swedish agencies also have international divisions collaborating with agencies throughout the world.

What Tactics to Choose

It is reportedly best to appoint a sales agent before deciding upon an advertising agent, for the two have to be encouraged to work together. If the sales agent does not have practical knowledge of advertising and marketing, he will have to be supervised closely until he is qualified to take over by himself. With the right agent, research on planning a campaign will take at least 10 per cent of the advertising expenditure and subsequent market research and follow-up will take 10 per cent each year. It is essential that the market be studied regularly; it is hard to enter the Swedish market, but even harder to regain lost ground.

It is difficult to launch a new product in Sweden today. Retailers now aim at keeping costs of buying and stocking as low as possible by ordering a few fast-moving articles in as large amounts as possible. If you are to interest a retailer in a new product, it is not enough to offer him the right article: you have to be prepared to spend a lot of money backing it up with advertising and to stay in the market even if initial progress is slow.

The best way to enter the Swedish market is to choose your advertising medium, decide where you are going to strike, and concentrate your efforts there. And don't give up too soon! ●

Commodity Notes

Aluminum, Manganese, Nickel

VENEZUELA—The *Official Gazette* No. 26176, of February 5, 1960, announced that the Venezuelan Government has declared that the whole territory of Venezuela will be considered a reserved zone for the exploration and exploitation of nickel ore, aluminum and manganese—Caracas.

Citrus Fruit

JAMAICA—Exports of orange and grapefruit products are expected to exceed one million boxes during the 1959-60 season. The Government has appropriated $45,540 for distribution of citrus seedlings to growers. A record crop of 20,000 boxes of ortaniques is expected, double the 1959 yield; this fruit is destined for the United Kingdom and New Zealand—Kingston.

Cotton Textiles

SUDAN—A cotton textile mill, known as the Sudan American Textile Industry, John Theodoracopoulos Co. Ltd., is being built in Khartoum and should be in full operation in 1962. The total cost of about $18 million has been subscribed jointly by the U.S. Development Loan Fund and Greek-American interests. Three British firms will supply most of the machinery to produce 75 million yards of cloth per year from 75,000 bales of Sudanese short-staple cotton. It is said that this will be the biggest cotton textile mill in Africa when it reaches full production—Cairo.

Cranes

IRELAND—The German firm, Liebher (Ireland) Ltd., Killarney, is now making large cranes, chiefly for export. German technicians and their families have moved into the first 30 bungalows, and German shops are being built to make the colony self-contained. Between 200 and 250 men are working in this factory, some 50 of whom are German technicians—Dublin.

Electric Power

ITALY—In 1959 Italian electric-power production totalled 48.8 billion kwh. against 44.3 billion in 1948 and 20.8 billion in 1949. This is enough to meet increased consumption because of the higher standard of living and greater mechanization of industry.

The present power-producing capacity is reckoned at 57 billion kwh., which will be boosted to 70 billion by 1963. The Italian electricity-producing industry is also being equipped to use nuclear energy, and three large nuclear plants that will have a total capacity of over 500,000 kw. are under construction—Rome.

Lead, Zinc

PERU—German experts in metallurgy and mineral economy, in Peru at the request of the Government, report that the installation of a smelter and refinery for lead and zinc is technically and economically sound. The experts consider that an investment of U.S.$47 million will be required for a lead smelter and zinc refinery that would produce 150 tons a day of each of these metals in a refined state. They believe that this project would alleviate the mining crisis in Peru and bring about an annual increase of U.S.$20 million in foreign exchange receipts—Lima.

Motor Vehicles

PORTUGAL—Portugal's first motor-vehicle factory has been set up at Mangualde in the northern region. The factory, owned by Fundição de Mangualde Embel, Limitada, will only assemble vehicles at the moment. Italian experts will direct the work and an Italian company is supplying the material. Production will consist of *Saba* trucks and tractors but it is expected that light cars will soon be added. Within a year most of the parts should be made by the Portuguese company. It will present a truck of its own manufacture at the next *Industries* Fair in Lisbon—Lisbon.

Oil Carrier

SARAWAK—A flexible container with a consignment of diesel oil was towed by tug to the Sarawak Electricity Company's power station in Kuching from Lutong, Sarawak. This is the first appearance of this "floating sausage" type of container in the Far East. The experiment was carried out by Sarawak Shell Oilfields Ltd.—Singapore.

Paperboard

SWEDEN—A new paperboard machine costing Kr.4 million has just come into production at Fridafors paper mill. It will boost output by 30 per cent (from 18,000 to 25,000 tons) and turn out 65 tons of finished paperboard per day. The increased production will probably all be exported—Stockholm.

Plasticized Paper

SOUTH AFRICA—The Tugela mill of the South African Pulp and Paper Industries is producing 200 tons a month of wrapping paper coated with a thin film of polyethylene. The paper, called polyply, is lightweight, moisture-proof, chemical-resistant and gives off no taste or odour. Because it is a thermoplastic, the coated side of the paper can be heat-sealed. This makes it ideal for packaged foodstuffs, chemicals, fertilizers and perishables. The paper can also be used as underlay in irrigation ditches and gold mines—Johannesburg.

Sintered Aluminum

SWITZERLAND—It has been announced that a Swiss firm has developed a satisfactory method of sintering aluminum. The product is known as SAP (sintered aluminum product). Its properties include greater heat resistance at high temperatures than other aluminum alloys, light weight, and natural hardness—Berne.

Steel Rope Tester

SOUTH AFRICA—Electronic equipment for testing the steel rope used in the Union's gold-mine shafts has been developed by a South African firm. It discloses broken strands, and also reveals subtle corrosion, previously undetectable. Electro-magnetic impulses are recorded on graphs and indicate clearly the circumference variation of the rope as well as any kinks, loosened strands or other deformities—Johannesburg.

Television Sets

NEW ZEALAND—The Government has announced that television stations will be built in New Zealand as quickly as possible, beginning with the conversion of the state experimental station in Auckland to commercial broadcasts; the network will be publicly owned and operated. Preliminary plans call for the manufacture in New Zealand of about 16,000 receiving sets during the current year—Wellington.

Tobacco

SOUTHERN RHODESIA—On April 4 the tobacco auctions in Salisbury, Southern Rhodesia, began selling 1960 flue-cured tobacco, and if the present trend continues sales this year will reach a record both in volume and value. It is estimated that the 1960 crop may bring in some £35 million, against £27.6 million in 1959. The crop is estimated at over 206 million pounds for Southern and Northern Rhodesia, with a record average yield of 990 pounds per acre.

To date 21.4 million pounds have been sold for £2.8 million. From the beginning of the auctions prices have been better than in 1958 or 1959, and in the fourth week the average price per pound was 33.08d, against 23.35d in 1959 and 30.54d in 1958. The seasonal average to date has been 31.2d, well above the 1959 price and better than the 30.54d in 1958—Salisbury.

Canada at the AtomFair

CANADA
ATOMS FOR INDUSTRY

The eighteen companies associated in a display at the 1960 AtomFair enhanced Canada's prestige as a supplier of atomic products and services and made useful business contacts.

R. A. FRIGON, *Chief, Engineering and Equipment Division.*

CANADIAN firms displayed a wide range of nuclear products and services at the 1960 International Atomic Exposition held in New York, April 4 to 7. Eighteen firms participated in a trade exhibit sponsored by the Department of Trade and Commerce.

The display emphasized the leading part that Canadian companies are playing in the development of the atom for peaceful use in industry. Included in it were power reactors and reactor components, fuel elements, radioactive isotopes, scintillometers, irradiation equipment, uranium and uranium oxides, scintillation plastics, construction and design of nuclear facilities, and consulting and research services.

Some 5,000 engineers, managers and businessmen interested in the possible applications of the atom visited the exhibit during the four days and 2,000 high school students came during a special showing one afternoon. In addition, the Consul and Trade Commissioner in New York held a reception at Canada House one evening on behalf of the participating firms. It was attended by over 100 guests, invited from a list supplied by the firms or by spot invitations given during the show.

Arrangement of Display

The Canadian exhibit at New York repeated the success attained at the 1959 AtomFair in Cleveland. It occupied a prominent position near the entrance and attracted much attention because of its attractive design and its size—2,000 square feet. The products were so arranged as to reflect Canada's long atomic history, which goes back to the earliest days of the atomic era. (In fact, Canada was one of the first three nations in the world to put the atom to work.) Pioneering applications of the atom for the development of power and the use of radioactive sources in industry were included in the exhibits of the various firms.

Equipment and services shown fell into four broad groups: reactors and reactor components; uranium and uranium compounds; radioisotopes and equipment using radioisotopes, radiation detection equipment; and design and construction services for nuclear facilities.

Reactors and Components

The first group included reactor hardware in the form of fuel elements, welded components and valves especially made for reactor use. This display of actual hardware bore witness to Canadian progress in the reactor field. Canada has one power reactor building, the NPD-2 power demonstration reactor near Des Joachims, Quebec, which will go into operation in 1961, and another in progress, the CANDU, to be built at Douglas Point on Lake Huron. Also displayed was a model of a liquid-cooled OCDR capable of producing 150,000 kilowatts at reduced capital and operating costs. Both reactors drew many questions from visitors.

An interesting variety of fuel elements were on display, the products of one of the largest privately owned nuclear-fuel plants in the world. These included extrusion-bonded aluminum-clad plates for the NRU reactor; aluminum-clad unbonded bars of metallic uranium as used in our NRX reactor, the Swiss Diorit Reactor and the Canada-India Reactor; unbonded rods of high-density uranium dioxide clad with zircaloy or aluminum alloys for the CANDU and NPD-2 power reactors and ZED-2 research reactor.

Reactor valves exhibited consisted of a line of high-pressure, high-temperature forged bonnetless valves that have found a special place in the nuclear and missile fields. The display included cutaway models of various designs for conditions where absolute tightness is essential, as in heavy-water reactors where leaks can be costly at $28 a pound.

Uranium and Compounds

This year for the first time the uranium industry took part when three prominent uranium suppliers displayed ores and oxides. These displays attracted some attention because of their range and the opportunity to "listen" to the radioactivity given off by the samples. Some of the ore samples weighed 150 pounds. Canada produces a wide range of uranium compounds of high purity at competitive prices. These compounds include sodium diuranate, uranyl nitrate, hexahydrate, triuranium octoxide, uranium dioxide ceramic and uranium metal—a range matched by few other suppliers in the world.

Radioisotopes and Applications

Equally stressed was the prominent rôle played by Canadian suppliers in the field of radioisotopes and their application. One of the firms displayed a gammacell, an industrial irradiation unit permitting the treatment of laboratory-size specimens. This equipment, using Canadian-produced cobalt 60, has found a place in many important radiation research centres in North America and Europe, including Belgium, Czechoslovakia, France, Poland, Sweden and Switzerland. Several possible orders were developed during the fair.

Among the equipment using radioisotopes was a model train system demonstrating a vehicle identification device with applications for railroads and other transportation systems, including captive railways, steel plants and other manufacturing operations and warehouses. This Canadian-conceived device uses an electronic circuit involving geiger tubes and radioisotopes to identify and record railroad cars automatically. It has aroused the interest of major railroads in the United States. During the fair it was examined by a warehouse owner for possible applications in warehouse operations. Needless to say, the display attracted considerable attention because a model train fascinates boys of all ages.

An ingenious application of radioisotopes—a device for measuring gas temperatures—was demonstrated to potential users by means of a working model. An instrument based on this principle is in actual use in a Canadian steel mill and a number of visitors to the stand saw possible applications in their own industries.

A major technological breakthrough in radiation detection was the silicon junction detector, developed by a Canadian company well ahead of competitors in other parts of the world. This detector represents an advance over other types because it is small and rugged and can be readily adapted to various sizes and shapes. The instrument is so new that only pilot models were available for display. It can be as small as a pencil or a miniature radio and consumes very little current. Needless to say, it aroused considerable interest. The company has already received orders from various parts of the world.

Design of Nuclear Facilities

A firm specializing in the design and construction of nuclear facilities displayed a new type of high-density concrete for radiation shielding that it had pioneered. It involves a new method of placement which was applied for the first time during the construction of a nuclear facility that the Canadian firm undertook for an agency in the United States.

The French Ambassador to the United States, a distinguished visitor to the Atom-Fair, "listens in" on the radioactivity given off by some of the uranium samples in the Canadian exhibit. On the Ambassador's left is R. A. Frigon, Chief of the Department's Engineering and Equipment Division and author of this article.

The Canadian firms participating had several objectives in mind. They wanted to make contacts and, if possible, sales to visitors from the United States and the many other countries represented, including France, Germany, Japan, Switzerland and several Latin American countries. They wished to keep their names and products before the ever-changing clientele drawn from users in many fields where the atom has actual and potential applications. They felt that by being associated in a single Canadian exhibit they would attract more attention and would help to maintain Canada's reputation as a supplier of atomic products and services.

The thirty representatives on duty at the AtomFair for the 18 Canadian companies that participated all agreed that they could report "mission accomplished". They had made numerous contacts, had kept their names before potential buyers, and had enhanced Canada's reputation as a supplier of highly engineered and precision products. ●

Venezuela Increases Import Control

To foster local industry and safeguard the balance of payments, Venezuela is stepping up import control. What moves has it made and what are the implications for Canadian exporters to this busy market?

R. D. SIRRS, *Assistant Commercial Secretary, Caracas.*

THE year 1959 witnessed a sudden and marked upsurge in Venezuelan import restrictions. In fact, three separate government measures were introduced as a means of curtailing imports of 193 items. Among those of specific interest to Canada are powdered milk, flour, automobiles, cables, whisky, hams, specialized papers and canned peas. Although most of these (except flour) still enter Venezuela in sizable volume, even above former import levels (see table on page 27), the machinery for either a sudden or prolonged import fade-out has been set up. This machinery consists of three recently imposed licensing requirements that allow for imports controlled according to Venezuela's needs at any given time.

Two Primary Purposes

The two new licensing measures (one on July 4 and the other on November 20, 1959), together with a tariff hoist on December 10 (not significantly affecting Canadian goods), have been motivated by two primary considerations.

The first of these and probably the most significant is the interest in developing new local industry and in improving agricultural output. In this way Venezuela hopes to build up a more diversified economy (currently overwhelmingly dependent on oil) and to enjoy higher levels of employment and a better standard of living. This objective was mainly responsible for the licensing move on July 4.

The second reason for import restrictions is the need to hold back on any sudden and serious outlay of foreign exchange and to avoid increasing the imbalance of international payments—$396 million in 1958 and $280 million in 1959. Although last year's balance-of-payments deficit was considerably smaller, it was nevertheless significant enough to warrant both the new licensing requirements and the tariff hoists that came into effect during the latter part of the year (November 20 and December 10).

The establishment of a constitutional government has provided the new protectionist mould in which the policy has been formed. In February 1959 Venezuela installed a freely elected government, the first since June 1948. The stage was then set for a more realistic appraisal of economic goals and for sounder methods of approach to these goals. Import controls to aid economic development and to safeguard foreign exchange were a significant part of the policy adopted.

Three Restrictive Measures

Let us look at the three restrictive measures implemented during 1959 and early 1960.

On July 4, 1959, licensing was suddenly introduced as a direct means of bolstering the growth of local industry. Eleven general (30 specific) items were directly affected. These included:

Hams, cured and canned*

Milk, powdered, evaporated, condensed, dietetic preparations*

Wheat flour*

Copper alloy wires, cables, cords*

Tobacco, cigarettes and cigars*

Dietetic foods*

Fruit juices

Lentils, peas, lima beans, canned or otherwise*

Soups*

Sweets, manufactured from sugar*

Sauces and spices

Imports of item three (wheat flour) and item five (tobacco, cigarettes and cigars) have already been virtually eliminated as a result of the curtailment of licences in keeping with the build-up of local production. Imports of other products will presumably be controlled in direct proportion to increasing productive capacities. Licences are now being issued on the basis of importers' requirements but the Ministry of Development must substantiate these needs by examining bills of lading covering past shipments. An inter-ministerial commission—composed of representatives of the Ministries of Development and Finance and a member of the Government Advisory Board—oversees and controls the issuance of licences.

It is significant that nine out of the eleven general items marked with an asterisk above are those protected by a set tariff rate under the United States-Venezuelan Reciprocal Trade Agreement. Thus to some extent licensing has given the Government a means of providing local import protection before the revision of the agreement. Although Venezuela has stated its intention of revising this, negotiations have not begun and there is no current indication about when and whether these will take place. Canada under the "modus vivendi" receives the same treatment accorded to the U.S. under its formal instrument.

On November 20, 1959, other licensing requirements were brought in. These, as already suggested, were reportedly prompted by foreign exchange difficulties and adopted in lieu of other often-rumoured remedies, such as exchange control or devaluation. This licensing provision, as in the July move, was implemented without warning to prevent prior speculative imports. It differs from the July step not only in its objective (i.e., safeguarding exchange) but also because it affected luxury items and not necessarily those for which there are prospects of immediate local production. Thus automobiles, caviar, television and radio sets were included. Other newly licensed items are alcoholic beverages, jewellery, perfumes, cameras, petstock, expensive furniture, and playing cards—out of a total of 119 detailed items. Canada is primarily affected by the restrictions on automobile and whisky imports, although licences are currently being issued to cover these. It is not yet known to what extent imports will be cut under this system because it is not specifically patterned in accord with the industrial build-up.

An improvement in the exchange reserves, for example, might have a favourable bearing on the issuance of licences. The foreign exchange problem is generally regarded as temporary in the sense that it resulted from abnormal circumstances, such as settlement of the former regime's $1.5 billion in outstanding debt and the flight of capital as a result of past political and economic uncertainties.

Venezuela's foreign exchange earnings of approximately $2 billion a year are considered more than sufficient to meet normal requirements. Perhaps it is for this reason, as well as cultural and employment reasons, that the Government recently removed television sets up to 50 kilos in weight, radio sets up to 25 kilos, and gramophones up to 25 kilos from the licensing requirement. Nevertheless, in spite of a probable easing of the exchange problem, there is no indication that the bulk of the restrictions wil be removed. On the contrary, it seems more likely that they will continue to be enforced, although this time local development will probably be emphasized.

On December 10, 1959, the Venezuelan Government, again in keeping with the November 20 objectives, instituted tariff increases covering 133 specified luxury products. Eighty-six of these were drawn from the November 20 licensing regulations and included such goods as caviar, wines, whisky (Scotch), jewellery, liqueurs, expensive furniture, etc. An additional three items were brought forward from the July 4 restrictions and covered under the generalized heading of tobacco (including tobacco and cigars but excluding cigarettes). The remaining 44 items (including other specified perfume and jewellery products, miscellaneous ornaments, cats, dogs, etc.) were not formerly subject to licensing.

It is significant for Canada's trading position that the tariff increases do not, and in fact, cannot, affect those licensed items covered by the Reciprocal U.S.-Venezuelan Trade Agreement, (e.g., automobiles, television sets, cables, hams, powdered milk, whisky). They will therefore have little if any direct effect on our trade. In fact, they could actually help some of our sales—e.g., Canadian whisky, provided that licences are readily issued because the local competitive position would be better vis-à-vis heavily taxed Scotch whisky imports.

However, a licensing system even at its best will, to varying degrees, tend to hinder imports. Furthermore, an internal tax is currently being considered, to apply equally to imported goods such as whisky, now subject to a differing tariff and import control procedure.

Let us look briefly at the extent to which the new tariff regulations affect imports. Whisky (other than rye or bourbon) is now subject to a 500 per cent increase in duty rates. It has been roughly estimated that this will result in a 70 per cent loss of the market for this product. As a result, several foreign firms are now considering local manufacture or bottling. Other commodities, such as perfumed lotions, have been subject to a 5,000 per cent increase in duty rates, as well as a 100 per cent ad valorem surtax. Jewellery and perfumes must now pay a higher duty and in many cases an ad valorem surtax of between 50 per cent and 100 per cent.

Action in 1960

On March 4, 1960, the Venezuelan Government announced licensing restrictions on four general items, again to protect local industry. These are: grease for lubricating purposes; men's readymade suits; cotton cloth up to 130 grams per square metre, and cloth made out of artificial fibres; and blends with cotton, silk, metallic threads and wool, up to 150 grams per square metre. It is understood that these products will be made subject to high duties in the near future.

Implications of This Trend

Venezuela's import pattern will no doubt continue to be affected by the gradual implementation of last year's restrictions. It is thus too early to foresee the total effect on our trading relationships or on the over-all trading picture.

However, the table below will give some idea of the trade significance of Canadian items that have been or could be affected by last year's restrictions.

Imports into Venezuela of Main Canadian Products subject to restrictions in 1959

Product	1958 Can.$	1959 Can.$
Powdered milk	6,902,145	7,685,034
Hams	90,882	31,670
Flour	6,384,150	661,073
Automobiles	1,100,536	1,624,065
Cables (copper wire insulated)	331,147	606,561
Whisky	112,396	107,499

Imports of any of the above licensed items could be curtailed as flour has been. However, this step is unlikely until local industrial output can fully replace imports. Thus the restrictiveness of the above must remain a question mark.

It is also impossible to forecast with any certainty how many new restrictions may be introduced in the future. It does seem likely that these will be moderate because the authorities realize the major economic dislocations that an overly aggressive national development program might involve. This realization is evident in a number of steps that the Government has recently taken. The Venezuelan Ministry of Development, for instance, insists that newly established firms must agree to maintain satisfactory quality and price if their products are to receive protection. There is a not-so-veiled threat that restrictions might be lifted where this stipulation is not met.

Furthermore, licensing and tariff restrictions have already been adjusted several times. The lifting of the November 20 licensing requirement for radios, television sets and record players is a case in point. So is the marked decrease in the new tariff rates on some pet-stock (cats, dogs, fighting cocks) and on religious articles. The tariff on book paper has also been cut recently to approximately 25 per cent of the December 10 rate. Further adjustments may be made in the months ahead.

The increasing confidence in Venezuela's political and economic future, plus the import controls, has already been credited with saving a considerable amount of foreign exchange. The country has a favourable balance of trade (1958 Bs. 7,776,874,936 of exports vs. Bs. 4,798,126,346 of imports) which in normal circumstances would mean a healthy balance-of-payments position. In spite of this, local industry will likely rise to fill a product gap inevitably left by curtailed imports. One of these developments has involved a Canadian investment interest which (although it is not specifically relying on the 1959 import restrictions) has taken advantage of the tariff protection to promote a more than $1 million textile enterprise.

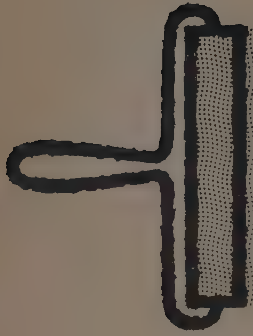
The inevitable build-up of industry which takes place behind practically any form of import restrictions means that Canadians can expect and should adjust their sights to a changing pattern of trade. Imports of raw materials and capital equipment should rise, especially materials and equipment associated with aluminum processing, plastics, foodstuffs, electrical appliances, pharmaceuticals, powdered milk, and wire and cable. We could follow through on these new local needs.

Local Investment

Still another approach is possible when the door is closed to specified imports. Local investment, (the Canadian textile enterprise mentioned above is one example) might provide an effective means of securing a firm local market for some of our raw, semi-manufactured or capital goods. It would also be a means of sharing to some extent in the rewards of Venezuelan development.

Check Your Airmail Postage

Canadian firms corresponding with our offices abroad, particularly those in the Far East, should make certain that their letters have sufficient postage if they wish airmail delivery. Our Tokyo office has reported that several letters marked for airmail delivery were sent by surface mail because of insufficient postage. This means that instead of from five to ten days, it took from four to six weeks for this correspondence to reach Japan. The airmail rate from Canada to Japan for first class matter is 25 cents for each half-ounce.



Paints and Varnishes

The Market in the Dominican Republic

One local paint manufacturer meets much of demand for common types of paint but must import his raw materials. High quality and specialty finishes purchased abroad.

J. M. KNOWLES, *Assistant Commercial Secretary, Ciudad Trujillo.*

A major paint industry started operations in the Dominican Republic about six years ago. Since then, locally made products have dominated the market more and more.

The Dominican company—Pinturas Dominicanas C. por A., known under the trade-name "PIDOCA"—has prospered through a combination of modern machinery and laboratory equipment, competent technical help, and a high protective tariff. As a result, imports are increasingly limited to certain high quality and specialty finishes not competitive with Dominican paints.

Official Dominican statistics do not discriminate between paints and raw materials used by the paint industry. The accompanying table gives the value of imports of paints, pigments, varnishes, and allied products into the country in the last three years for which complete figures are available.

DOMINICAN IMPORTS

	1956	1957	1958
	(Dominican pesos)*		
Paints and pigments	561,751	522,666	624,025
Varnishes, siccatives, and lacquers	258,089	226,837	221,414
Writing, printing, and lithographing inks	37,757	35,353	43,538
All others	335,473	308,798	348,440
Totals	1,193,070	1,093,654	1,237,417

*One peso equals one U.S. dollar.

Practically all mixed paints are imported from the United States; Sherwin-Williams and Dupont are prominent among the suppliers.

Local Production Rises

Production of paints in the Republic in 1959 reached 280,000 U.S. gallons, or approximately one gallon for every ten persons. Pinturas Dominicanas manufactures a wide range of oil, acrylic, and alkyd-based paints. The factory is set up to make almost any common type of paint to order and now holds more than 80 per cent of the Dominican market for paints of all kinds. This estimate does not, of course, include homemade water-based paints and washes that are used extensively throughout the rural areas.

The Dominican Republic is mainly agricultural and there is still little scope for paints, enamels and varnishes for industrial use. There will probably be a demand for imported specialty finishes of various kinds for a long time to come. Automobiles, for example, require a wide variety of enamels in shades subject to change each year. The local industry would not be able to match such changes economically in view of the very small market for such products here.

Raw Materials in Demand

Except for certain native gums, the Dominican Republic produces practically none of the basic ingredients needed for paint manufacture and the local company is always interested in obtaining quotations on raw materials. About 200 such ingredients are regularly purchased abroad; some of the more important are mineral pigments of various kinds, synthetic alkyd resins, talc, calcium carbonate, zinc oxide, titanium dioxide, aluminum paste, wood rosins, etc. Other possible items will suggest themselves to potential suppliers.

At the present time, about half of the company's raw-material purchases are made in the United States and the other half in Europe. Major exporting countries in the latter area are, in order of importance, Germany, the Netherlands, the United Kingdom, Sweden, and Denmark. Quantities of petroleum distillates are brought in from the Netherlands West Indies.

The company assembles its own one-gallon and one-quart capacity cans (U.S. measure) from components which are at present imported from the United States.

The installation of the facilities to produce certain nitro-cellulose-based lacquers is being considered at the moment, although no such products have so far been made in the Republic.

Thanks to a favourable tax arrangement, the firm pays no import duties on its raw materials. Duties on mixed paints are high and as a result the cost to the local consumer of U.S.-made paint is roughly double the U.S. domestic price. As Pinturas Dominicanas has extended its domination of the local market, imports of foreign mixed paints have decreased sharply. As a rule, the trade has tended to sell out its typically large inventory of foreign paints and to replenish its stocks locally as required.

There is an interesting and growing market for raw materials, however, and this deserves further investigation by would-be suppliers. Inquiries should be addressed either directly to Pinturas Dominicanas C. por A., Carretera Sanchez Km. 6½, Ciudad Trujillo, Dominican Republic, or to the Commercial Counsellor, Canadian Embassy, Apartado 1393, Ciudad Trujillo. ●

The Market in Cuba

Large local production and close affiliations with U.S. firms limit Canadian opportunities, except for raw materials.

R. R. PARLOUR, *Commercial Secretary, Havana.*

CONSUMPTION of paint in Cuba has been increasing in recent years by about 15 per cent a year as a result of population growth, the rising standard of living, industrial expansion, and increasing numbers of cars on the road. The Cuban market for paint now exceeds $12 million a year at factory prices for all types. Paint sales in 1959 were still higher as consumption in smaller centers and rural areas increased as a result of the Government's public works program. Havana normally consumes about 45 per cent of the paint used in Cuba, although the percentage may fall as sales in the capital lag. Competition in the paint field is growing, as locally manufactured paints replace imports.

Local Production Large

This country now has about a dozen paint factories, most of them in the Havana area. Together they supply from 80 to 90 per cent of the market and the industry is expanding. It is dominated by four major producers. Two of these are subsidiaries of U.S. paint manufacturers, one is a local firm making a well-known U.S. brand under licence, and the fourth is wholly independent, producing under its own brand name. The remaining local manufacturers together have less than 10 per cent of the market.

A wide range of paints is produced, including general household paints and enamels, both interior and exterior, of all qualities; maintenance paints for sugar mills and industry; product finishes for kitchen and porch furniture, cabinets, etc.; varnishes; latex finishes, interior and exterior; polyvinyl acetate finishes, interior and exterior; some lacquers for automotive refinishing and industrial use; synthetic enamels, baking enamels, and thinners. Generally, the types of paint not made in Cuba are specialties in limited demand and local manufacturers continue to add new lines as the market justifies this step. One unique experiment in Cuba has been the use of sugar in manufacturing paint but this product has not yet been perfected.

Types in Demand

Characteristic of the Cuban market is a growing preference for quality paints, especially in Havana and other large cities. However, there is still a market for lower grades in the country districts. Among the best selling types are polyvinyl acetate paints for interior and exterior masonry, and interior latex emulsion paints. The reason for their popularity is the extensive use of concrete and plaster here rather than brick and wood as in Canada, and the absence of cold weather. All-purpose oil paints for interior and exterior use are also in good demand. The market for automotive refinishing lacquers is growing and now accounts for over 15 per cent of all paint sales. Many paints sold in Cuba have the same formulas as those used in North America but some types have special formulas to meet local market preferences. Some dealers prefer to have their own distinctive brand and for this reason local paint factories may offer the same product under several different labels. However, this practice is uneconomic and is dying out. The U.S. liquid measure is universally used, rather than the imperial quart or gallon.

Sources of Imports

Paint imports total between $2 million and $3 million a year, some 10 to 20 per cent of consumption. Almost all imports come from the United States, although there have been occasional small shipments from the United Kingdom and the Netherlands.

The Cuban tariff on paints is moderately high, and favours U.S. shippers, as shown by the accompanying table.

It is estimated that the duty, freight, insurance, etc., on paint shipments from the United States average about 33⅓ per cent of the f.a.s. price. For shipments from Canada and other countries this percentage is larger because of the higher duty rates. This protection has enabled the domestic paint industry in Cuba to prosper and has meant a decline in paint imports in recent years. There are some indications that this tariff protection for paint may eventually be increased and there is also pressure from the local industry for a lowering of duties on raw materials.

The principal importers of paint are the larger paint manufacturers themselves, who bring in specialty items and low-volume lines from their parent plants in the United States. These would be imported from their affiliate companies in Canada if there were a price advantage in doing so. When the local market for a particular imported product reaches adequate size, the local manufacturer usually begins production in Cuba, using the same brand name as the imports had. Among the paints still imported by the various manufacturers are some synthetic enamels, alkyd resins and varnishes, industrial and automotive lacquers, automotive enamels and synthetics, and product finishes for kitchen furniture. A few of the plants import lacquer bases and solvents and do the mixing locally. Other gaps in local production are bituminous and asphalt-type paints, certain types of casein paints, powder and paste types, some marine paints and miscellaneous specialties. These are imported.

Paint imports into Cuba other than by the local paint manufacturers amount to about $1 million a year, or less than 10 per cent of the market. Some 30 or 40 foreign firms, representing many of the leading paint manufacturers in the United States, compete for this business. Participation by other countries is negligible although paint from the United Kingdom and the Netherlands has been seen on the market. Most of these firms offer a general line of all types of paints and have appointed a distributor or network of distributors. It is the common belief in the trade that imports of general lines of paint will decline in the next few years and that eventually they will consist largely of specialty industrial finishes that cannot be profitably produced in Cuba, plus a trickle of automotive finishes.

CUBAN TARIFF ON PAINTS

	From Canada and other most-favoured-nation countries	From U.S.
Asphalt varnishes, transparent lacquers, coloured lacquers, containing nitrates or other cellulose derivatives; oil and resin paints, rubber-based paints; asphalt paints, liquid or paste water-emulsified paints containing resins, oils, latex, protein or casein, whether or not prepared for ready use; enamels, not containing nitrate or other cellulose derivatives; other paints.		
1. Duty, per 100 kilos	$10.00	$ 7.00
2. Public works tax, of 1.	3%	3%
3. Surcharge, of 1. and 2.	20%	Exempt
4. Other minor charges		
5. Sales tax (levied on final landed duty, tax-paid value)	10%	10%
Oil and natural resin varnishes—other varnishes		
1. Duty, per 100 kilos	$12.50	$10.00
2. Public works tax, of 1.	3%	3%
3. Surcharge, of 1. and 2.	20%	Exempt
4. Other minor charges		
5. Sales tax	10%	10%
Oil and synthetic resin varnishes		
1. Duty, per 100 kilos	$10.50	$ 8.00
2. Public works tax, of 1.	3%	3%
3. Surcharge, of 1. and 2.	20%	Exempt
4. Other minor charges		
5. Sales tax	10%	10%

Raw Materials Needed

Raw materials for Cuba's paint industry have traditionally come almost exclusively from the United States, but Canada, the United Kingdom, Japan, Germany and other European countries are now sharing this market. Present sources for some of the common raw materials are as follows:

linseed oil—most comes from the U.S. which ships in tank cars via sea-ferry. Occasionally some comes from Canada, the Netherlands or Argentina in drums.

titanium dioxide—United States, United Kingdom, Japan, Germany

lithopone—United States, Germany, Italy

polyvinyl acetate—United States

latex—United States

talc filler—United States

fungicides—United States

dryers—United States

pentaerythritol—Canada

glycerin—manufactured locally

solvents—most manufactured locally

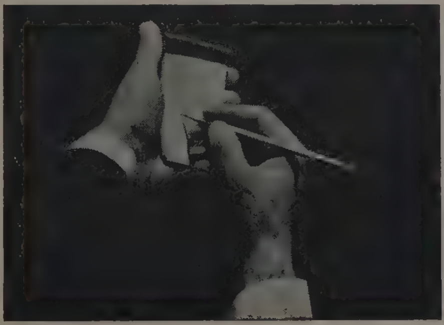
cans—most manufactured locally

pigments and colours—United States, United Kingdom, Canada, Germany

The Cuban paint manufacturers operating as branch plants of U.S. firms buy much of their raw materials through their head offices in the United States. However, raw materials from Cuba or from third countries are generally purchased directly by the Cuban branch plant. The independent Cuban paint companies, of course, make all their purchasing decisions locally. The credit situation in the Cuban paint industry is generally satisfactory and many of the factories are working at full capacity. Manufacturers do not find it necessary to place stocks with their dealers on consignment. Cuba does not have import controls on paint or raw materials but the general shortage of foreign exchange is causing some delays in the release of dollars to pay for imports. In some instances, foreign suppliers are asking for letter-of-credit terms.

Canada's Opportunity

Canada's exports of paint and varnishes to Cuba in 1959 were valued at less than $5,000. However, exports from Canada of linseed oil, iron oxide, zinc oxide, white lead, and other pigments amounted to eight times this figure and the addition of miscellaneous chemicals for the paint industry would give a still higher total. Present trends towards industrialization at the expense of imports, the Cuban tariff on paint which favours U.S. suppliers, and the concentration of the paint import trade among the companies already manufacturing here all point to the fact that Cuba offers Canadian exporters a better market for pigments, oils, chemicals and other raw materials than for finished paint products. This raw materials market is one that should grow steadily in future years, and Canadian exporters should not overlook it. The industry welcomes any offers which meet world competition in quality and price. ●



General Notes

Ceylon

BUSINESS CENTRE—The Sinhalese Merchants' Chamber will set up a Ceylonese business centre shortly in the Pettah (Bazaar), one of the busiest parts of Colombo. The business centre, a five-storey building on a two-acre site, will cost an estimated Can.$1 million and will offer low-rent space for 400 shops. It is designed to encourage Ceylonese businessmen to take a more active part in retail and wholesale trade, carried on in the past largely by non-nationals, chiefly Indians—Colombo.

Ghana

VOLTA RIVER DEVELOPMENT—Tenders may be called by September on a power dam to be built on the Volta River in eastern Ghana. Design engineering work is expected to be completed by that date. Preliminary work on the dam site was started last year and will be finished by about March 1961. The dam will take about five years to construct. The project is being spurred by the recent formation of the Volta Aluminum Company (VALCO) by several aluminum concerns. VALCO is to negotiate with the Government of Ghana towards setting up an aluminum smelter at Tema, about 20 miles from Accra. Agreement on this would bring to Ghana a major consumer of power from the Volta —Accra.

India

INDUSTRIAL POLICY—Two recent government rulings reveal significant changes in India's industrial policy. The first decrees that business firms with fewer than 100 employees and fixed assets of less than one million rupees (Can.$200,000) may organize new manufacturing facilities without applying for licences under the Industries (Development and Regulation) Act. The second authorizes free licensing for production on any scale of industrial machinery and machine tools, including components and parts.

Although the new rulings are designed to encourage small-scale industry in general and the manufacture of industrial machinery and machine tools in particular, they clearly mean a lessening of direct government control over the economy.

Indian firms which wish to take advantage of the new rulings must still apply for import licences if they require foreign machinery, equipment or raw materials.

Nevertheless, one large hurdle between the initial overture and the ultimate order has been removed, and Canadian suppliers should be better able to assess the business possibilities of inquiries received from Indian firms—New Delhi.

Ireland

RURAL ELECTRIFICATION—It is estimated that 85 per cent of Ireland has now been reached by rural electrification networks, and that some 240,000 people receive power under the scheme. So far the capital required has totalled £27 million; a further £2 million a year is being spent to cover new areas—Dublin.

Netherlands

INDUSTRY—A survey covering 11,533 industries employing ten or more workers showed that total turnover rose from 31,000 million guilders in 1958 to 33,000 million in 1959. The number of employees increased from 1,029,400 to 1,059,000. A breakdown by industries indicates that the metal industry, the largest employer in the Netherlands, had 361,400 on its payroll in 1959 compared with 343,600 in the previous year, and a sales volume valued at 9,062 million guilders (8,235 million guilders in 1958).

The food industry, the second largest employer, recorded sales of 9,382 million guilders in 1959 (8,705 million guilders in 1958) and employed 146,600 (145,400 in 1958). The chemical industry employed 67,000 in 1959, a slight rise from 65,000 in the preceding year, and made sales worth 4,490 million guilders in 1959 and 4,538 million in 1958. The textile industry had a sales turnover of 2,604 million guilders in 1959 against 2,360 million in 1958, and employed 118,800 and 116,900 people. The ready-made clothing industry sold goods valued at 1,045 million guilders in 1959 (974 million in 1958) and employed 64,200 (62,300 in 1958)—The Hague.

Pakistan

DECIMAL SYSTEM—The Government of Pakistan has decided to introduce the decimal system of coinage from January 1, 1961, and to adopt the metric system of weights and measures at some later date. The rupee will be retained as the basic unit of currency without any change in its present value. The pice will be renamed and its value changed to one one-hundredth instead of one sixty-fourth part of a rupee—Karachi.

Switzerland

LOAN ISSUES UP—Conditions on the Swiss capital market during the first quarter of 1960 tightened somewhat, mainly because of numerous issues of loans for domestic account. Swiss loans offered for public subscription during this period totalled an estimated Sw.Fr.450 million, or almost Sw.Fr.200 million more than in the same period of 1959. It is expected, however, that during the first half of 1960 the total amount of new issues in Switzerland will hardly exceed the figure for the first six months of last year. Among the issues offered for public subscription during the first three months of 1960, one loan of Sw.Fr.60 million at 4½ per cent was successfully floated by the Commonwealth of Australia and was heavily oversubscribed—Berne.

PLASTICS ASSOCIATION FORMED—The Swiss plastics industry has recently formed, under the abbreviation of SIK, an association charged with the following responsibilities: market research for plastic products and machinery in Switzerland and abroad, promotion of professional training, establishment of a publishing and press service, and promotion efforts, including the introduction of a quality mark—Berne.

Tours of Territory

D. S. ARMSTRONG, Commercial Counsellor in Cairo, Egypt, will visit Ethiopia during the week of June 20.

J. BRUCE, Commercial Assistant in Lima, Peru, will visit Arequipa from June 5-11.

L. D. R. DYKE, Acting Commercial Secretary in Athens, Greece, will visit Turkey from June 6-17.

A. W. EVANS, Trade Commissioner in Liverpool, England, will visit Stoke on Trent, Coventry, Wolverhampton, Leeds, Middlesborough, and Newcastle from June 7-16.

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong, plans to visit a number of the principal trading and industrial centres in Communist China, including Peking, Tientsin, Shanghai and Canton. Tentative dates for his tour are May 12-June 10.

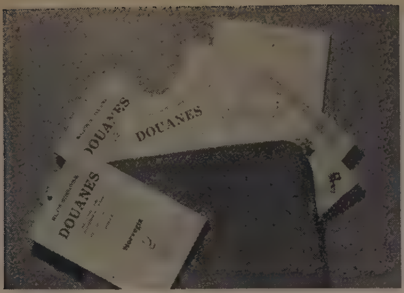
P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Bucharest, Romania, and Sofia, Bulgaria, from June 20-29, and Prague, Czechoslovakia, from July 11-14.

R. H. GAYNER, Acting Consul General and Acting Trade Commissioner in Manila, the Philippines, will visit Taipei, Republic of China (Taiwan), from June 14-27.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Belgrade, Zagreb and Ljubljana in Yugoslavia from July 18-29.

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan, will visit Korea from June 20-24.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Armstrong at Cairo, Mr. Bruce at Lima, Mr. Dyke at Athens, Mr. Evans at Liverpool, Mr. Forsyth-Smith at Hong Kong, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Gayner at Manila, and Mr. Woolham at Tokyo.



Trade and Tariff Regulations

Argentina

PACKING LIST—Argentine Customs Resolution No. 109 required that a detailed packing list be submitted with the usual documents hitherto required for export shipments to this country. This resolution was amended by Resolution No. 172 which was reported on page 30 of the April 23rd issue of *Foreign Trade*.

Because of the opposition in commercial circles aroused by this measure, the Customs Administration by means of Resolution No. 232 has now completely suspended until further notice the application of the original Resolution No. 109. Accordingly, the packing lists specified in Resolution No. 109, later amended by Resolution No. 172, are not required. A new study of the matter is now under way to decide the procedure which will be followed in the future—Buenos Aires.

Gambia

IMPORT CONTROLS RELAXED—The Government of the British Colony of Gambia has announced that, effective November 20, 1959, restrictions on imports of goods from the dollar area, including Canada, have been lifted. All types of merchandise may now be imported into Gambia from the dollar area under Open General Licence.

Malaya

IMPORTS OF CARBON BLACK—The Government of the Federation of Malaya has exempted carbon black, to be used for manufacturing purposes within the Federation, from the import duty of 20 per cent ad valorem, effective November 25, 1959.

Nigeria

IMPORT CONTROLS RELAXED—The Government of the Federation of Nigeria has liberalized controls on imports from the dollar area of all goods except sugar, coal, petroleum products, gold and gold products, and used clothing, effective February 1, 1960. All goods from Canada except the few specified above may now enter Nigeria without import trade control licences.

Seychelles

IMPORT CONTROLS RELAXED—The Government of the British Colony, Seychelles, has announced that, effective April 11, 1960, all goods except gold, radioactive materials, arms and ammunition may be imported freely from the dollar area, including Canada, under Open General Licence.

Sierra Leone

IMPORT RESTRICTIONS RELAXED—The Government of the British Colony, Sierra Leone, has announced that, effective November 27, 1959, most goods from the dollar area, including Canada, may be imported freely under General Licence. Specific import licences must be obtained to cover imports of a short list of goods from the dollar area. Included in this list are certain pharmaceuticals, explosives, gold, silver, arms and ammunition. All other items may be imported from the dollar area without a specific import licence.

South Africa

CUSTOMS TARIFF—The South African Customs Tariff was amended on April 8, 1960, to make specific provision for thermosetting resin laminated decorative plastic sheets. The rates of duty on the new item are:

Thermosetting resin laminated decorative plastic sheets—

(i) Of a cost f.o.b. not exceeding 2s. 6d. per square foot	
most-favoured-nation rate per square foot	8d.
general rate	1s. 0d.
(ii) Other	
rate from all countries, ad valorem	15 per cent

Ordinary dumping duty is imposed on these items when they are imported into South Africa from, or originate in, the United Kingdom, Canada, or the United States.

IMPORT CONTROLS—The South African authorities have authorized the further issue of import permits valid for the import of general merchandise. This additional issue raises the 1960 quota authorized to date from the 40 per cent of the importer's assessment basis to 60 per cent. This compares with the 50 per cent quota made available for the whole of 1959.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.0145846.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent May 20	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01194	83.75	(1)
Austria	Schilling		.03795	26.35	
Australia	Pound		2.2126	.4519	
Bahamas	Pound		2.7657	.3616	
Belgium, Belgian Congo and Luxembourg	Franc		.01978	50.56	
Bermuda	Pound		2.7657	.3616	
Bolivia	Boliviano	Free	.00008627	11,591.51	
British Guiana	Dollar		.5762	1.73	
British Honduras	Dollar		.6914	1.45	
Brazil	Cruzeiro	General Category*	.004134	241.90	*May 10 (2)
		Special Category	.001907	524.46	
		Official selling	.05211	19.19	(3)
Burma	Kyat		.2070	4.83	
Ceylon	Rupee		.2074	4.82	
Chile	Escudo	Free	.9369	1.06735	(4)
Colombia	Peso	Certificate	.1470	6.80	
Costa Rica	Colon	Official	.1755	5.70	
		Controlled free	.1481	6.75	
Cuba	Peso		.9856	1.01461	tax 2%
Czechoslovakia	Koruna		.1369	7.30	
Denmark	Krone		.1427	7.01	
Dominican Republic	Peso		.9856	1.01461	
Ecuador	Sucre	Official	.06571	15.22	
		Free	.05764	17.35	
Egyptian Region, United Arab Rep.	Pound	Official	2.8303	.3533	
		Export account selling	2.3975	.4171	
El Salvador	Colon		.3943	2.54	
Fiji	Pound		2.4916	.4013	
Finland	Markka		.003080	324.67	
France, Monaco, etc.	New Franc		.2010	4.97	(5)
French colonies	Franc		.004020	248.76	(6)
French Pacific	Franc		.01106	90.41	(7)
Germany	D Mark		.2364	4.23	
Ghana	Pound		2.7657	.3616	
Greece	Drachma		.03285	30.44	
Guatemala	Quetzal		.9856	1.01461	
Haiti	Gourde		.1971	5.07	
Honduras	Lempira		.4928	2.03	
Hong Kong	Dollar	Free*	.1706	5.86	*May 6
		Official	.1729	5.78	
Iceland	Krona	Official	.02594	38.55	(8)
India	Rupee		.2074	4.82	
Indonesia	Rupiah	Official rate	.02190	45.66	(8)
Iran	Rial		.01301	76.85	
Iraq	Dinar		2.7598	.3623	

*Latest available quotation date.

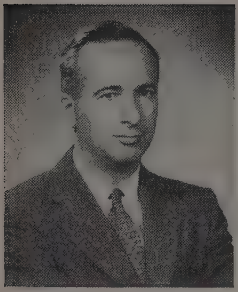
Country	Unit	Type of Exchange	Can. dollar equivalent May 20	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7657	.3616	
Israel	Pound		.5476	1.83	
Italy	Lira		.001587	630.12	
Japan	Yen		.002738	365.23	
Lebanon	Pound	Free	.3096	3.23	
Mexico	Peso		.07885	12.68	
Netherlands	Florin		.2614	3.82	
Netherlands Antilles	Florin		.5267	1.90	
New Zealand	Pound		2.7657	.3616	
Nicaragua	Cordoba	Effective buying	.1493	6.70	
		Official selling	.1399	7.15	
Norway	Krone		.1382	7.23	
Pakistan	Rupee		.2074	4.82	
Panama	Balboa		.9856	1.01461	
Paraguay	Guarani	Official	.008079	123.78	
Peru	Sol	Certificate	.03607	27.72	
Philippines	Peso		.4928	2.03	
Portugal & Colonies	Escudo		.03440	29.07	(9)
Singapore and Malaya	Straits Dollar		.3227	3.10	
Spain and Dependencies	Peseta		.01643	60.87	
Sweden	Krona		.1906	5.25	
Switzerland	Franc		.2283	4.38	
Syrian Region, United Arab Rep.	Pound	Free	.2755	3.63	
Thailand	Baht	Free	.04663	21.44	(8)
Turkey	Lira		.1095	9.13	(8)
Union of South Africa	Pound		2.7657	.3616	
United Kingdom	Pound		2.7657	.3616	
United States	Dollar		.985625	1.0145846	
Uruguay	Peso	Free	.08642	11.57	(10)
Venezuela	Bolivar		.2942	3.40	
West Indies Fed.	Dollar		.5762	1.73	(11)
	Pound		2.7657	.3616	(12)
Yugoslavia	Dinar	Official	.003285	304.41	(8)
		Settlement rate	.001559	641.22	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Trade Commissioners on Tour

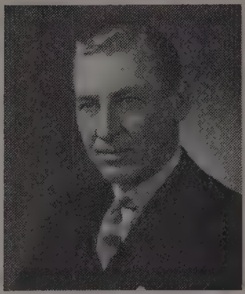

A. P. Bissonnet

B. C. Butler

R. M. Dawson

R. E. Gravel

H. S. Hay


B. A. MacDonald

K. Nyenhuis

M. T. Stewart

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

A. P. BISSONNET, Commercial Counsellor in Stockholm, Sweden:

Ottawa—May 26-June 7
Port Hope—June 8
Hamilton—June 9
Welland—June 10
Sarnia—June 13
Toronto—June 14-17
Winnipeg—June 20
Vancouver—June 22-29
Montreal—July 4-8

B. C. BUTLER, Minister (Commercial) in London, England:

St. Catharines, Welland—June 6
Brantford—June 7
London—June 8
Windsor—June 9
Sarnia—June 10
Kitchener—June 13
Montreal—June 15-30
Ottawa—July 4-15

R. M. DAWSON, Assistant Trade Commissioner in Guatemala City, Guatemala:

Toronto—June 6-10
Winnipeg—June 15
Vancouver—June 20-25

When he completes his tour and leave, Mr. Dawson will be transferred to Manila, the Philippines, as Vice Consul and Assistant Trade Commissioner.

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela:

Vancouver—July 11-14
Winnipeg—July 20-21
Toronto—July 25-Aug. 5
Ottawa—Aug. 7-12
Montreal—Aug. 14-25
Quebec—Aug. 26-27

When he completes his tour and leave, Mr. Gravel will be transferred to Hamburg, West Germany, as Consul.

H. S. HAY, Assistant Commercial Secretary in Sydney, Australia:

Vancouver—June 6-10
Saskatoon—June 16
Winnipeg—June 17
Ottawa—June 19-

When he completes his tour and leave, Mr. Hay will be transferred to Caracas, Venezuela, as Assistant Commercial Secretary.

B. A. MACDONALD, Commercial Counsellor in New Delhi, India:

St. Catharines, Welland—June 7
Niagara Falls—June 8
Port Hope, Kingston—June 10
Ottawa—July 4-8
Montreal—July 11-15
Quebec City—July 18
Thetford Mines—July 19

When he completes his tour and leave, Mr. MacDonald will be transferred to Athens, Greece, as Commercial Counsellor.

K. NYENHUIS, Trade Commissioner in Leopoldville, Belgian Congo:

Vancouver—July 4-6
Winnipeg—July 7-8
Toronto—July 11-20
Hamilton—July 21-22
Montreal—July 25-Aug. 5
Granby—Aug. 8
Quebec—Aug. 9
Saint John, N.B.—Aug. 11-12

When he completes his tour and leave, Mr. Nyenhuis will be transferred to Copenhagen, Denmark, as Commercial Counsellor.

M. T. STEWART, Commercial Counsellor in Madrid, Spain.

Toronto—June 6-10
Hamilton—June 13
Brantford—June 14
Montreal—June 16-23
Quebec—June 27

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

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JUNE 18, 1960

foreign trade

NADA

EXPLORING THE VENEZUELAN MARKET (page two)

foreign trade

Established in 1904

OTTAWA, JUNE 18, 1960 **Vol. 113, No. 13**

CANADA

cover These oil derricks silhouetted against the sky on Lake Maracaibo illustrate Venezuela's economic dependence on oil, which brings in 90 per cent of its foreign earnings. But the country has other resources and other problems, as the article on page two points out. The four reports from Venezuela in this issue brief the reader on a market of continuing opportunity, despite certain recent developments.

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2 **Exploring the Venezuelan Market** . . . *where is the Venezuelan economy headed? Is the pattern of our trade there changing?*

6 **The Venezuelan Bill of Exchange** . . . *a technical discussion of the regulations governing the issue and collection of drafts.*

8 **Advertising Abroad: Venezuela** . . . *advice on how to use radio, TV, and the daily press in Venezuela to push your product.*

12 **Prunes for Canadian Tables** . . . *all come from California, where a thriving industry caters to world-wide markets.*

18 **Spain: Opportunities Improve** . . . *reports Canada's Commercial Counsellor in Madrid—and documents his case.*

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Exploring t

With four years in Venezuela as a background, the author discusses how the country is developing and what opportunities it affords for selling Canadian products. Mr. Gravel will begin a tour of Canadian cities in July; for his itinerary, see page 36.

R. E. GRAVEL, *Commercial Counsellor, Caracas.*

VENEZUELA'S economy is almost entirely based on oil, which brings in about 90 per cent of its foreign earnings of $2 billion. Production of approximately 16 million metric tons a year of high-grade iron ore (roughly comparable to Canada's iron ore output) puts this industry in second place as a foreign-exchange earner (1958: over $111 million).

Other facets of this economy are worth noting, not only as a means of appreciating over-all Venezuelan development, but also to appraise the direction of future expansion. To emphasize the economic significance of the endeavours mentioned below, it should be noted that the petroleum industry only employs about 1 per cent of the population and iron ore mining a still smaller fraction.

Beef herds probably constitute the most important single element in Venezuela's agriculture. In fact, before the advent of oil in the early twenties, beef was Venezuela's main export. Today, adverse climatic conditions (extremely wet and dry seasons) together with a rising domestic consumption of beef have brought a meat shortage that has made imports necessary. Nevertheless, the local government, through credit and technical assistance, is now trying to bolster this and other segments of the economy.

Coffee ranks as Venezuela's third largest export (1958: $31.5 million), followed by cacao (1958: $11 million). Both of these, although important as exports, are not as significant domestically as other agricultural products such as beef. Other commodities—corn, sugar, rice, copra, sesame, tobacco, cotton, bananas—are also important although in recent years some of them (such as sugar, rice and cotton) have had to be imported to satisfy local needs in full.

Venezuela has acquired a fairly wide variety of light industries, including the making of textiles, refining of sugar, automobile assembly, and manufacturing of flour, beer, carbonated beverages, paints, tissue and kraft paper, plastics, animal feeds, powdered milk, cigarettes, tires, soap, cement, etc. A giant government petrochemical and steel industry is also being established.

Current Economic Trends

Early in 1959 the Government adopted a new policy of protectionism to stimulate the development of local industry and to check the outward flow of foreign exchange. The following measures were taken last year:

1. New licensing requirements—June 1959 (including powdered milk, hams, flour, cables).
2. Further licensing requirements, of specific interest to Canada —November 20, 1959 (including automobiles, whisky).
3. Tariff increases—December 10, 1959.

See the article "Venezuela Increases Import Restrictions" in

enezuelan Market

Foreign Trade of June 4, 1960, for further discussion of this aspect of Venezuelan trade.

Venezuela currently finds itself in a period of transition and readjustment and despite a fundamentally sound economy is facing problems with its international balance of payments and its national budget.

There have been some unfavourable signs. The deficit in foreign exchange operations reached U.S.$280 million in 1959 (U.S.$360 million in 1958) and would actually have been considerably more were it not for the fact that some gold was sold and dollars brought into the country via notes. The international reserves dropped to about $700 million at mid-1959 and are now still lower.

The causes of this outflow of dollars include excessive imports, payment by the Government of over half of the $1.5 billion outstanding debt left by the Pérez Jimenez Government, and most important, the flight of "nervous" money because of apprehension about Venezuela's economic and political future and, more specifically, the fear of exchange control or devaluation.

There has also been evidence of inflation. The amount of money in circulation continues high (about Bs.5 billion, Can.$1.4 billion). A deficit budget encourages inflation. Furthermore, there has not been sufficient national production and this has resulted in a notable increase in the cost of living.

However, economists feel optimistic about the solution of these problems and they point to two powerful factors in the economy: the large output of the oil industry and the high dollar income.

In spite of some industrial development in recent years, Venezuela still imports most of its needs. In 1958, for example, the value of merchandise imports reached nearly Bs.4.8 billion (Can.$1.4 billion.). Imports consisted mainly of machinery and instruments, metals and manufactures, food products, glass and ceramics, chemicals, etc. The principal exports (exclusive of oil and all of relatively minor importance) are iron ore, coffee, cacao, sisal, corn, gold, diamonds, and hides. The value of merchandise exports in 1958 reached Bs.7.8 billion (Can.$2.2 billion, approximately).

TABLE I

CANADA'S TRADE WITH VENEZUELA

(in Canadian dollars)

Year	Exports to Venezuela	Imports from Venezuela
1955	30,755,871	187,277,463
1957	39,843,687	248,144,971
1958	43,654,573	209,590,086
1959	46,007,524	204,697,170

Canadian-Venezuelan Trade

Venezuela continues to be Canada's largest and most active South American trading partner. Our exports to this area have increased steadily, as noted in Table I. This trend has particular significance when one notes that Venezuela's over-all imports decreased by approximately Bs.1.4 billion in 1958. (A similar reduction probably took place in 1959.) Thus Canada has increased her share of the local market from 2.2 to 3.1 per cent and has risen from sixth to fifth place among Venezuela's suppliers.

The increase stemmed largely from a striking upsurge in sales of wheat, powdered milk, eggs, wood pulp and miscellaneous industrial equipment. This sales impetus is reflected in Table II, which also shows other main commodities that Canada sells to Venezuela.

It is difficult to predict any change in the pattern of Canadian

Left to right: In fast-growing Caracas, Venezuela's capital, the magnificent new buildings and towers of the Centro Simón Bolívar house government offices; are equipped with underground parking and shopping facilities. Maracaibo, the second largest distribution centre in Venezuela, today has a population of almost half-a-million. This is a view of the heart of the business district. Barquisimeto, the capital of Lara State, is Venezuela's third city. It deals mainly in the produce of the area—sugar, coffee, cacao, cereal, cattle and copper—but is striving for greater industrialization.

sales to this country. However, it is perhaps safe to assume that Venezuela will increase its demand for capital equipment and supplies markedly, in keeping with its extensive development program. Canada has already capitalized on these new sales openings by supplying rails, cast iron pipe, electrical equipment, automobiles, etc. Many Canadian firms have also sought out local engineering opportunities. These firms often enjoy a comparative advantage in many sections of the broad field of engineering (e.g., aerial photography, hydro, mining) primarily because of their recognized experience and the similarity of resources and development problems in both countries. We can certainly increase our participation in this remunerative field because any equipment or services related to development will inevitably find uses in Venezuela.

Venezuela's increased protectionism, mentioned earlier, is aimed at stimulating industrial growth. On the other hand, some of our other exports may conceivably lose their hold on this market. Flour, formerly our most important single export to Venezuela, is now practically excluded, but the build-up of a local flour industry has brought a sharp rise in demand for our wheat. Venezuela proposes to increase its output of powdered milk and cables, and this may in time affect our exports of these two products.

TABLE II

PRINCIPAL CANADIAN EXPORTS TO VENEZUELA

(in Canadian dollars)

	1958	1959
Powdered milk (whole)	6,902,145	7,685,034
Wheat	3,043,127	5,303,836
Eggs in shell	4,104,623	4,601,197
Newsprint	2,241,839	2,357,707
Cellulose products	1,723,695	2,010,383
Wood pulp, sulphate	183,441	1,685,290
Automobiles (passenger)	1,100,536	1,624,065
Synthetic resin manufactures	211,092	1,517,085
Copper tubes, cable and wire	802,483	1,166,227
Planks, boards	798,184	992,287
Drugs and chemicals	723,979	924,745
Aluminum and aluminum manufactures	386,253	879,635
Certified seed potatoes	695,059	749,273
Flour of wheat	6,384,150	661,073
Bond writing paper	495,159	630,340
Transformers and parts	504,846	624,117
Radio	341,113	608,059
Machinery and parts, n.o.p.	493,958	604,297
Electrical apparatus	253,936	579,513
Marine engines and parts		526,105

Protectionism and local development constitute one of the obstacles we face in this market; foreign competition is the other—of equal or greater significance. A wide array of products from many countries find buyers in this market because of favourable quotations, extended terms, or an aggressive approach towards meeting Venezuela's specific requirements. The United States, West Germany, the United Kingdom, and Italy currently rank ahead of us as suppliers to Venezuela. Their relative shares of this market are:

United States	57.2 per cent
West Germany	8.4 " "
United Kingdom	7.3 " "
Italy	6.6 " "
Canada	3.1 " "

Canada is Venezuela's second most important customer, and Venezuela is Canada's third most important supplier, ranking after the United States and Britain. Practically all of Canada's imports from Venezuela consist of crude oil products and totalled over $200 million in 1959.

A Venezuelan fisherman with a load of Corito, a type of Caribbean sailfish.

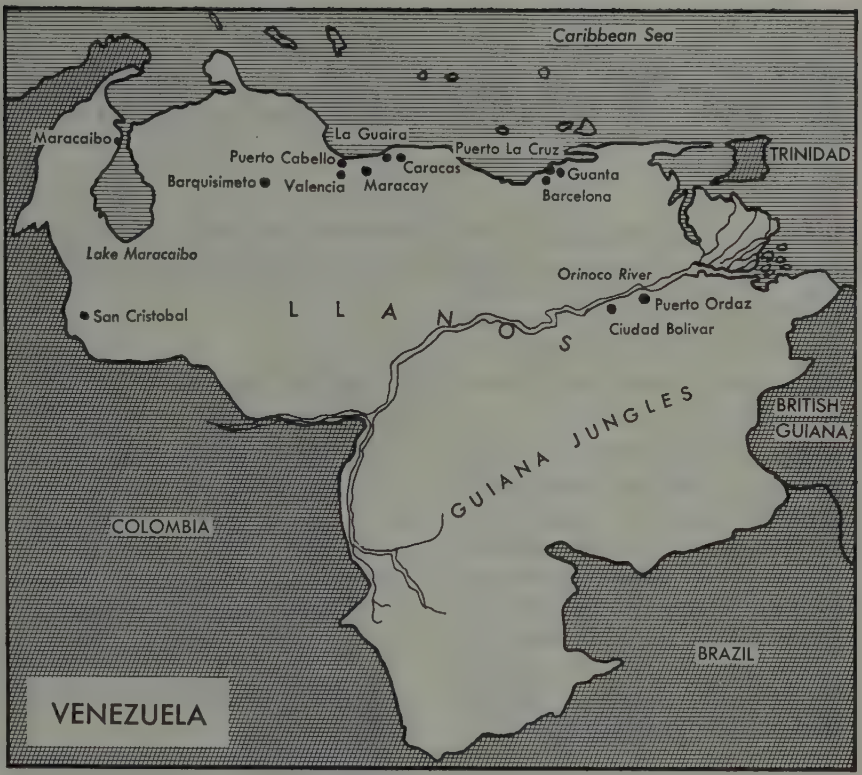
Local Business Practices

The Venezuelan market is currently in a temporary slump and it may be advisable to refrain from selling on other than secured terms when there is some uncertainty about the standing of a local account. Otherwise, extended terms adjusted according to the specific item being sold must normally be granted in order to secure business. Local agents are often in the best position to secure business and should certainly be seriously considered when a Canadian exporter is contemplating an active sales campaign.

The office of the Commercial Counsellor in Caracas will be glad to supply Canadian businessmen with further information on trading with Venezuela. ●

Markets in Brief

VENEZUELA



Area: 352,150 square miles.

Population: 6,500,000 (official estimate).

Climate: four climate zones: tropical, moderate, cool and cold. Caracas has an average temperature of 68.9°F.

Language: Spanish. Sales literature in Spanish essential.

Currency: bolivar; one bolivar equals approximately U.S.$0.30; one Canadian dollar equals 3.51 bolivars.

Weights and measures: metric system.

Capital: Caracas, altitude 3,000 feet.

Chief ports: La Guaira, Maracaibo, Puerto Cabello, Guanta, Ciudad Bolivar, Puerto Ordas.

Marketing centres: Caracas (population 1,200,000); Maracaibo 423,222; Barcelona 44,689; Maracay 102,065; Ciudad Bolivar 44,349; Valencia 131,468; Barquisimeto 177,554; San Cristóbal 82,639.

Economy: oil, iron ore, cattle-raising, coffee, cocoa, gold, diamonds, manganese, forest and fisheries.

Total Venezuelan imports: 1958—U.S.$1.43 billion; 1957—U.S.$1.83 billion.

Chief imports: automobiles, agricultural machinery and implements, electrical and industrial machinery, drugs and chemicals, whisky, food products, wheat, lumber, electrical appliances, manufactures of metal, wire, etc.

Chief suppliers: United States, Germany, United Kingdom, Italy, Canada, France, Netherlands.

Value of imports from Canada: 1958—Can.$43,654,573; 1957—Can.$39,840,006.

Chief imports from Canada: milk powder, wheat, eggs, newsprint, cellulose products, wood pulp, automobiles, synthetic resin manufactures, copper tubes, cables and wires, planks, boards, drugs and chemicals, aluminum and its manufactures, seed potatoes.

Total Venezuelan exports: 1958—U.S.$2.32 billion; 1957—U.S.$2.36 billion.

Chief exports: crude petroleum and refined products, iron ore, coffee, cocoa, sisal, corn, gold, diamonds, hides.

Chief markets: United States, Canada, United Kingdom, Germany, Brazil, France, Netherlands.

Value of Canadian purchases: 1958—Can.$209.5 million; 1957—Can.$248.1 million.

Chief Canadian purchases: crude and refined oil.

Dollar exchange: freely available.

Prices: preferably in U.S. currency, either f.o.b. Canadian port or c.i.f. Venezuelan port.

Samples: import duty-free except for a few commodities, e.g., jewellery.

Trade agreements: most-favoured-nation agreement with Canada. Equal tariff treatment of imports from United States, United Kingdom, and other countries enjoying m.f.n. status.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: The Royal Bank of Canada, Caracas, Maracaibo, Puerto La Cruz, Ciudad Bolivar, Puerto Ordas. Bank of London and Montreal, Caracas.

Correspondence: by airmail only; letters, 10 cents per half ounce.

For detailed information on this market write to:

Latin American Division,
International Trade Relations Branch,
Department of Trade and Commerce,
Ottawa, Ont.

or

Commercial Counsellor,
Canadian Embassy,
Apartado 9277,
Caracas, Venezuela.
(by airmail only)

The Venezuelan Bill of Exchange

Here is sound advice for the Canadian exporter who may be unfamiliar with practices peculiar to Venezuela in the issuing and collection of drafts.

G. F. FONS, *Office of the Commercial Counsellor, Caracas.*

IN Venezuela the bill of exchange has proved to be the credit instrument best able to protect the interests of the foreign exporter, because of the following peculiarities of the Venezuelan import trade:

a. Payment for all imports, except for a very few lines that still sell on letter-of-credit terms, is based on bill-of-exchange terms.

b. "To order" shipments are forbidden by Venezuelan customs regulations.

c. The importer's signature on an original order often carries little weight as evidence of an existing contract enforceable under Venezuelan law.

d. In Venezuela the unpaid bill of exchange, provided it is properly issued and accepted, allows immediate embargo and seizure of the debtor's assets.

Ten Rules Cited

For the guidance of the Canadian exporter, here are ten rules on the issue and collection of drafts in Venezuela.

1. *Remember that your Venezuelan accounts are over 3,000 miles away in a country that differs in language, legislation and customs. Therefore, take care to issue these drafts so that they enjoy all possible legal advantages.*

To this end, a letter of exchange should contain (Articles 410 and 411—Venezuelan Commercial Code):

the terms "bill of exchange" or "pay to the order of . . ." in the text of the document and in the language used for issuing same

the order to pay a given amount

the name of the person who is to pay (drawee)

the due date (if omitted, the document is considered due on sight)

the place where payment is to be effected

the name of the person to whom or to whose order the payment shall be effected (if left blank, the draft loses its executive features)

date and place at which the draft is issued

signature of person who issues the draft.

2. *Take advantage of the special clauses provided by Venezuelan law so that your drafts will not lose their executive force as bills of exchange.*

Waiver of Protest and Presentation—Waiver clauses are explicitly admitted by Article 454 (Venezuelan Commercial Code) and the local trade uses them to such an extent that drafts are hardly ever protested in Venezuela. The corresponding clause "*sin aviso ni protesto*" (without notification or protest) should be inserted in the text of the bill of exchange. This relieves the drawer or collecting bank from presenting the draft for payment and from protesting it if it is not paid; they can then take direct embargo action. Should drafts with a waiver clause be protested, however, the person who makes the protest is committed to pay the expenses.

The clause *"por valor recibido"* (sometimes *"valor convenido"* or *"valor entendido"*—value agreed upon or understood) stresses the abstract character of the bill of exchange and should therefore be inserted in the text.

3. *Secure your collections by having your drafts guaranteed by local companies of good standing.*

It is often advisable to have your drafts guaranteed by a third party of good standing, such as a local insurance company or bank or, if your debtor is a joint stock company, by its manager. Take care that the guarantor *actually guarantees the drawee* (Article 439, Venezuelan Commercial Code). This is achieved by endorsing the draft with the clause *"bueno por aval del aceptante sin aviso y sin protesto"* (valid to guarantee the drawee without protest and notification), and having the guarantor sign the draft below this clause.

4. *In draft operations involving Venezuelan customs clearance, the co-operation of brokers should be secured.*

Because of the short and stric terms of clearance at Venezuelan Customs, fines and storage charges are often incurred and the shipmen is even liable to be sold at public auction if clearance is not effected within those terms. Local bank cannot be expected to exercise the necessary control over this and wil understandably limit themselves to the collection if they act as con signees. It is possible to minimiz the danger of clearance delay o subsequent seizure of the goods by designating a reliable customs broker as consignee, with the actual importer as ultimate consignee. A local bank can then handle the draft. The broker should be instructed to clear the goods and keep them in his warehouse until the importer complies with his financial obligations.

It is advisable for Canadian exporters to use the services of brokers well known and recommended by the Trade Commissioner's office. The only difficulty here may arise from the fact that some Venezuelan importers prefer a given customs broker to handle all their business. It is therefore important to make sure before entering into an arrangement of this nature that the Venezuelan importer is willing to have the shipment consigned to a given customs broker.

5. *Give preference to time drafts due on specified dates. But first make sure that your Venezuelan customer is in full accord with such a move.*

There is some danger and inconvenience in the use of sight drafts because the Venezuelan practice differs considerably from the Canadian. According to local procedure, the draft is payable only on first presentation after the goods have been delivered.

Sales terms of "sight draft, documents on payment", which are usually considered almost as safe as letter-of-credit terms, can cause unexpected difficulties in Venezuela because of the Venezuelan interpretation of "sight draft". When the collecting bank attempts to obtain payment before delivering the documents to the importer, an impasse is often reached by the latter's demand for prior delivery of the documents since, according to the importer's interpretation, the sight draft is not payable until the goods have been delivered to his warehouse. Unless the importer agrees to immediate payment, this could lead to customs fines and storage charges for delays in clearance. At times, it could even lead to seizure of the goods by customs and their subsequent disposal at public auction, in view of their non-acceptance by the importer.

This rather free interpretation of the term "sight draft" has meant that even the local trade is showing an increasing preference for time drafts, where the due dates are clearly stated. However, the terms of these drafts should take into consideration the time that elapses before the shipment arrives in Venezuela and is cleared through customs.

6. *Stipulate any interest rate higher than 5 per cent.*

According to Article 414 (Venezuelan Commercial Code), if no other interest rate is stipulated, it is understood that 5 per cent interest from date of issue is to be paid.

7. *Reach a clear understanding with your Venezuelan customer about who is to absorb the bank charges.*

Venezuelan importers often resent the addition of such small charges and some even refuse to pay them. Similar refusals to pay interest charges for delayed draft collections have been reported. The exporter should therefore come to a clear understanding with the importer before the shipment is made about who is to absorb such charges.

8. *Avoid discrepancies in the notation of currency amounts.*

In drafts where amounts are given in figures and words, if there is a discrepancy the amounts expressed in words will be held valid. If amounts are transcribed twice, either in figures or in words, the smaller amount will be held valid. (Article 415-Venezuelan Commercial Code.)

9. (a) *Instruct your collecting bank to present your drafts for acceptance within the legal terms.*

(b) *Maintain the executive features of your unpaid drafts by regularly requesting payment by registered mail.*

(a) Terms of Acceptance (Articles 429 and 431-Venezuelan Commercial Code)—Bills of exchange can be presented for acceptance until their due date. Sight drafts must be presented for acceptance within six months from date of issue.

(b) Statute of Limitations for Drafts (Article 479-Venezuelan Commercial Code)—The statute of limitation for legal action against the drawee is three years from due date of the draft. Draft commitments of the drawer or endorsees are subject to "limitation" one year after the date of protest (or due date of draft if protest is waived by clause). Such terms of limitation are interrupted by any collection activity or by a simple letter requesting payment. However, such interruptions of the period of limitation will only have effect against a debtor individually contacted and not against all debtors collectively.

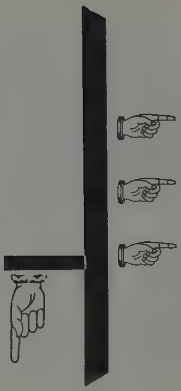
10. *Prepare for legal action.*

In urgent cases you need not confer a power of attorney—you may simply instruct your bankers to endorse the draft to the lawyer of your choice, who will then introduce the action under his own name. On request, the office of the Trade Commissioner will be pleased to recommend a local lawyer of good standing.

Bills of exchange in English must be translated into Spanish by an official interpreter. This causes a few days' delay and results in additional charges, usually not more than $15.

Commonwealth Sales Rising

Canada's exports to the United Kingdom have been rising so far this year. For the first four months of 1960 they reached nearly $267 million, a gain of $47 million over the January-April figure for 1959. Canadian shipments to other Commonwealth countries are going up too—by nearly $14 million for the first four months of the year, or to $93.7 million from $79.7 million in 1959. Sales to the United States and those to "all other countries" also increased.



Advertising Abroad

In Venezuela, advertising agencies with international affiliations and extensive experience offer good service, backed up by a well equipped graphic arts industry.

J. E. MONTGOMERY, *Assistant Commercial Secretary, Caracas.*

VENEZUELA'S advertising industry has developed rapidly in the last ten years. To reach a population of 6½ million people, with varying degrees of literacy and of purchasing power, local agencies have had to be selective in their use of media and have developed many special techniques.

The chief centres of population are widely scattered and grouped around three basic industries: oil, iron ore and agriculture. Communications present problems. Despite these complications, the industry has grown to the point where there are now approximately six major agencies with the capacity to plan a complete program of promotion and publicity for their clients. About twenty smaller agencies can carry out small specialized assignments and competition for accounts has become keen.

The most widely used and effective media are radio, television and the daily press. For products for popular consumption, radio and television are chiefly used. Newspapers, magazines and the movie-houses offer, to a certain degree, a selection of consumer groups for products of more limited interest. Market peculiarities in Venezuela vary greatly with the type of product and the type of market for which it is intended, but no specific national peculiarities have been found.

Radio and TV

Radio offers the best opportunity of reaching the largest possible audience and assists in overcoming the illiteracy handicap. This is particularly true of the interior, where the highest rates of illiteracy occur and which is easily reached by radio. There are about 45 broadcasting stations in Venezuela, of which most are independent and exclusively local. Three radio networks with six radio stations are in operation throughout the country; these stations reach approximately 250,000 radio sets. Like the regional newspapers, radio can be used to vary an advertising theme and draw attention to local distributors. All radio broadcasts must be made using Venezuelan artists and material exclusively.

Television is a particularly popular advertising medium. Local advertisers have not been slow in realizing the advantages of putting across their messages through a medium that combines both aural and visual impact. It has been found particularly useful for consumer goods with a widespread appeal. There are seven television stations —one government and four commercial in Caracas, one in Maracaibo and one in Valencia. Only one, however, can be received in the interior.

The 170,000 television sets in operation provide a large market. The programs consist of live drama, musical and variety shows, plus filmed U.S. programs. The foreign programs are dubbed with Spanish voices. Unlike the general practice in the movie-houses, TV films from abroad are rarely presented in a foreign language with Spanish subtitles. Both live and filmed commercials are used. All commercial talent must be Venezuelan and licensed.

Newspapers and Magazines

Newspapers are the traditional means of reaching the Venezuelan public. The large advertising accounts tend to concentrate on those with national circulation. There are four Spanish-language newspapers and one English paper published in Caracas and all have national circulation. In the interior, there are two other important dailies. For advertising industrial products and retail goods, the press is considered the most suitable medium.

Two types of magazines are distributed: local periodicals and Spanish-language editions of foreign publications. Venezuela has four local magazines of wide distribution and these are all of general interest. Previously, advertising in the magazines was confined to black-and-white printing. Recently a U.S. automobile manufacturer commissioned two magazines to produce a six-page four-colour spectacular to dramatize its sales program. It was the first time that local magazines had undertaken such a large project. The results were highly successful and having gained experience, these magazines will undoubtedly offer the same service to other customers.

There are practically no magazines catering to special interests. Some local industries produce their own and circulate them regularly to potential customers. These company publications have either a straight sales appeal or are institutional. Foreign magazines with international editions in Spanish are also popular and offer the Canadian exporter a means of reaching potential consumers without using local advertising services.

Other Media

Many other media are available. Commercial film shorts in moviehouses appear to be increasing in effectiveness. This is the only visual method that covers all parts of the country. There are about 700 cinemas in Venezuela and more than four million people are estimated to attend yearly. As an advertising medium using commercial films, filmstrips and slides, they are becoming increasingly important. Commercial material for use in this way may be produced abroad.

Outdoor advertising is well developed here and 24-sheet poster circuits are available, as well as neon spectaculars and road signs. Advertising on public transport is not widely used and is confined to buses in the principal cities. Direct mail is in its infancy because local mail service is slow, but some firms do offer facilities. To be effective, such a program must use messenger services. The Government regulates promotions involving premiums and permission must be requested before launching campaigns of this type.

The major fairs and exhibitions are agricultural and displays are particularly worthwhile to promote agricultural machinery and related lines. To be effective, however, these should be coupled with an adequate follow-through by the local distributor. Displays in hotels are particularly popular with local retailers for bringing their products to the attention of tourists and travelling businessmen.

Advertising Agencies

There are a large number of agencies in Venezuela, both general and specialized, and the bigger ones are capable of organizing and carrying out an entire sales promotion campaign. The majority charge a 20 per cent gross commission. Some firms charge 17.65 per cent on space and 15 per cent on production if the billing is sufficiently large. Many agencies maintain regional offices outside Caracas; these represent the head office and also pick up accounts themselves. Trade reports indicate that 1959 was an excellent year for their business, because of the increasing competition and harder selling in retail business. Clients have become more selective in their choice of an agency.

Only one agency in Caracas has its own research department and another has a subsidiary company that does research. The research is not standardized and only periodic checks on media (particularly radio and television) are carried out. A typical example of the services provided by these research firms is a valuable press-readership study that one company presented to its clients recently, based on extensive samplings of individual reading habits throughout a large part of Venezuela. Another agency recently offered on a commercial basis the "diary" method of research into television and radio audiences. Interest in motivational research is increasing but this has not been developed yet. Services are still confined to market surveys, media study, advertising appeal and opinion study.

Venezuelan agencies are competent to use material prepared abroad but it is almost always adapted in some way. It is not difficult for these agencies to translate from French or English. The large ones have reciprocal agreements with North American and European public relations companies and these connections enable them to benefit from world advertising experience and apply its lessons locally. They receive regularly up-to-date technical advice from their foreign affiliates or send members of their staff for on-the-job training abroad. Through their international affiliations, the local companies can offer prompt service to Canadian exporters.

Printing Services

The Venezuelan graphic arts industry has made rapid progress and is now able to supply all normal needs; its equipment includes printing, converting and packaging machines of all types. The industry is placing specific emphasis on high-quality lithographing. Canadian suppliers who wish to use local printing and packaging can be assured that the machinery and technical know-how of the Venezuelan graphic arts industry can meet their requirements.

During the past ten years, Venezuela's economy has grown rapidly; it is now facing a period of consolidation. As a result, there is strong competition in advertising between locally produced and imported goods. Canadian firms interested in further details on advertising here or on available agencies should get in touch with the Commercial Counsellor, Caracas.

Silos for Storage

Egypt will soon be using its first two silos designed to store grain—one in Cairo with a capacity of 60,000 tons and one of 45,000 tons in Alexandria. Built by a German firm as part of Egypt's first Five Year Plan (1957-1961), they cost about £E2.5 million but will prevent losses from rodents, insect pests, and the heat. Over a million tons of wheat are imported into Egypt every year and until recently it was shipped in in bulk, bagged, and stored in the open. Under the Second Five Year Plan, the two silos will be enlarged and others of various sizes built to bring grain-storage space up to 882,000 tons.

Commodity Notes

Automobiles

IRELAND—The Cork plant of Henry Ford & Son, Ltd., has announced that it intends to export 500 automobiles a month to the U.S. market, all of the *Anglia* de luxe model. First deliveries were scheduled for May, and a special shipping service will be inaugurated to transport them—Dublin.

Bauxite

BELGIAN CONGO—Looking ahead to the projected hydro-electric installations at Inga on the Congo River, a new company has been organized to search for, develop and process the bauxite deposits said to lie nearby.

The Société de Recherches et d'Exploitations de Bauxite du Congo (Bauxicongo) is chartered at Leopoldville and will have its head office in Brussels. Capital consists of 26.5 million class A no par value shares, all issued, 50 per cent paid up, and 13,250 class B n.p.v. shares held by Forminière, Cobeal, Cobeal-Congo and Société de Recherche Minière du Sud-Katanga—Leopoldville.

Chipboard

IRELAND—Chipboard Ltd., Scariff, Co. Clare, Republic of Ireland, is about to produce chipboard, chiefly for the furniture industry, and it is hoped that exports will total about £500,000 a year. The machines used in the plant are all German. Local timber will be employed; quick-growing conifers with their high moisture content are found to be most suitable —Dublin.

Fish

NORWAY—The Lofoten cod fisheries season just ended yielded the second poorest catch since the war. According to preliminary figures, it totalled about 37,000 tons, with a firsthand value of Kr.37 million, compared with the lowest postwar catch of 33,841 tons in 1958. Unfavourable weather and the prohibition of seine fishing in the Lofoten fisheries during the last two years were mainly responsible. The winter herring fisheries also had exceptionally poor results this year, with a total catch of 2 million hectolitres (1 hectolitre equals about 3.3 bushels), just over 50 per cent of last year's catch and the smallest since the war. This is the third consecutive year that the winter herring fisheries have been considered a failure—Oslo.

Industrial Furnaces

INDIA—If plans develop as expected, India will soon have its first facilities to design and make industrial reheating furnaces. Lynx Machinery Company of Calcutta, in collaboration with OFU Ofendbau Union, Dusseldorf, has set up a subsidiary for this purpose, OFU Lynx Private Ltd. The German company will hold 49 per cent of the equity capital—New Delhi.

Kraft Pulp

SWEDEN—Skogsägarnas Industria AB (SIAB), a subsidiary of the Forest Owners Association of South-East Sweden, has plans for a mill with an initial capacity of 70,000 tons a year of bleached kraft pulp, later to be increased to 140,000 tons.

Building permits have been granted and SIAB has started excavation work; the mill is scheduled to be in production in two or three years. The 22,000 private forest owners within the district of the association have recently subscribed Kr.40 million out of the Kr.150 million needed for a mill with a 140,000-ton capacity.

The mill when completed will use broadleaf wood for about 50 per cent of its raw material requirements—Stockholm.

Minerals

FIJI—A recent report by a government geologist features new finds of copper, zinc and other metals in the southwest of the main island of the Fiji group. This report, one of a series being prepared by the Geological Department to provide basic information for prospectors, comments, "It is clear that further prospecting for base metals, gold, silver and manganese is warranted".

Annual exports of gold in recent years have averaged approximately 75,000 ounces, and have ranked third in value among Fiji's exports. Manganese ore has also contributed to the wealth of the Colony—Wellington.

Motor Vehicles, Parts

PORTUGAL—In line with government authorization granted during 1959, Portugal's first automobile factories should be in production in 1961-62. Manufacturers must use a minimum of 20 per cent local material at the end of the first year and 60 per cent at the end of four years.

To make it easier to meet these conditions, Portuguese factories producing accessories have improved their equipment and methods. Radiators, security glass, tires and inner tubes, synthetic upholstery leathers, cellulose and other paints, pistons, cylinder liners, etc., are now being made in reasonable quantities.

Firestone Portuguesa, S.A.R.L., which has set up a $4 million tire factory, has also obtained permission to build a plant for making wheels and rims for light and heavy vehicles. With an initial capacity of 120,000 units a year, the factory will supply the new car, truck and tractor industries—Lisbon.

Nuclear Fuels

ITALY—The Italian Committee for Nuclear Research has reached an agreement with Allis-Chalmers Manufacturing Co. and an Italian firm, Bombrini, Parodi, Delfino, to carry out a program to develop uranium-thorium 233 as fuel for power reactors. The program includes the construction and operation in Italy of a plant for uranium-thorium fuel elements and the building of a manufacturing pilot plant with remote control. A survey will also be made to discover whether thorium can be used as fuel in existing power reactors. The program will cover five years and involve an expenditure of over $6 million—Rome.

Oil

FRANCE—Crude oil production in the franc area in 1959 totalled 3,768,000 tons, an increase of 57 per cent over 1958. This includes 1,294,000 tons from the Hassi-Messaoud (Sahara) region still in the early stages of development. A further 1,231,000 tons came from Esso-Reproduction in the Parentis oilfield in France and another 753,000 tons from Gabon—Paris.

UNITED STATES—Michigan's oil industry boomed in 1959. Drilling permits issued totalled 727, an increase of 246 over 1958. The principal reason for the increase was the discovery of new fields in the southern and eastern counties of lower Michigan in the past two years.

Well completions in 1959 numbered 598, against 413 in 1958. In 1959, 411 of the completions were field development wells, and 187 exploratory or wildcat wells; 17 of the latter resulted in new oil or gas fields. At the end of 1958, 13 major and independent oil companies reported 1,078,511 acres under lease. These same companies reported 2,214,867 acres under lease at the end of 1959.

Crude oil produced in Michigan in 1959 totalled 2,046,284 barrels. This did not begin to supply the demand for petroleum products and Michigan refineries imported 39,336,000 barrels of crude oil—Detroit.

Pepper

SARAWAK—The Sarawak Government has built a pepper-processing plant and storage warehouse to encourage the export of first-grade pepper from this British Colony. The plant is at the disposal of exporters, dealers and growers who may use all or any of the dryers, separators or brushing machines to process "loose" pepper up to the quality required by overseas markets—Singapore.

Pulp and Paper

FINLAND—Finland plans to expand the capacity of its wood-using industries by 40 per cent within the next two years, at a cost of about $326 million. Annual production is to be boosted from 3.7 to 5.2 million tons a year. Twenty of the country's leading pulp and paper industries are building new mills or planning extensions, which should add about 1.45 million tons to total pulp production by 1962-63. All of the new output of mechanical and semi-chemical pulp will be processed further in Finnish mills; the remainder will be exported. Production of the paper and board industries will also rise during the period from 1.98 million tons to 2.8 million. To meet the increased requirements of raw materials, felling will be upped from 40 million cubic metres a year to about 48 million—Stockholm.

Steel

FRANCE—French steel output in 1959 reached an all-time high of 15.2 million tons, 4.1 per cent above 1958's 14.6 million tons—Paris.

Wheat

SUDAN—A new flour mill costing S£500,000 will be in operation in Khartoum late this year. Financed by local Greek and Sudanese interests and using Italian machinery, it will have a capacity of 75,000 tons of flour a year—enough to satisfy the Sudan's current requirements. The owners have signed a five-year management contract with the Italians.

A plan to build bulk-handling facilities for grain at Port Sudan on the Red Sea has been delayed. The new mill, the first for the Sudan, is expected to provide sufficient incentive to farmers to grow wheat, a crop not yet planted on a large scale. Initially all wheat will be imported in bags—Cairo.

Prunes for Canadian Tables

All the prunes that Canadians consumed last year—some 12.3 million pounds—came from California. There a well organized industry with many export markets keeps careful check on quality, encourages research to improve production.

A. J. HICKS,
Consul of Canada, Los Angeles.

TO the uninitiated, a prune is a wrinkled black fruit with a stone on the inside which is a standby at breakfast or as a dessert in most households. To untold thousands of old-timers (and maybe young-timers too), bush workers, railroad gangs and others, the term CPR or CNR strawberries meant just one thing: prunes. To the expert, a prune is a dried plum (although not all plums are, or become, prunes) and to the Californian engaged in the dried fruits business it is one of those varieties of plums that may be dried without fermenting while it still contains the pit.

Prunes originated in Western Asia in the region of the Caucasus Mountains and the Caspian Sea. Until modern times, most prunes were produced in Central Europe and the Balkan States. Today the great bulk of the world's prune crop comes from California. The Santa Clara, San Joaquin, Napa, Sonoma and Sacramento Valleys whiten with the prune blossom in the spring. The fruit matures about the middle of August and is ready to be harvested. A bearing tree produces from 130 to 300 pounds of prunes a year.

The most popular variety is the French prune. The original stocks of this "prune d'agen" are said to have been brought to California in 1855 during the gold-rush days by a French immigrant, Louis Pellier, who had each shoot carefully embedded in a raw potato. The fruit of this variety is of excellent quality, with high sugar content, fine texture, and small smooth pits. Other varieties grown commercially are the Robe de Sergeant, Imperial and Sugar prune.

Prunes are allowed to ripen on the tree and they either fall to the ground by their own weight or are shaken from the tree by mechanical "shakers" and roll into wooden collecting bins.

After collection, they are first dipped in a mild, boiling alkaline solution for 5 to 15 sceonds. This causes innumerable tiny cracks or fissures in the skin, enabling the moisture to escape more rapidly in the drying process. After this dip, the prunes are thoroughly rinsed and are spread out to dry in a single layer on large trays.

In the old days the sun was the drying agent but now most prunes in California are dried by mechanical dehydration. Filled trays are stacked and rolled into dehydrators, where temperature and humidity are carefully controlled by a forced draught of heated air. Prunes are dried for storage in from 18 to 24 hours.

In the sun-drying process, the fruit is spread on trays in dry yards to catch the direct rays of the sun. After a few days the prunes have lost about 60 per cent of their moisture and the trays are stacked to continue the drying process. This procedure takes from a week to ten days. Finally the prunes are placed in large bins to equalize the moisture content.

Prune sizes are normally indicated by the designations small, medium, large and extra large; the sizes are determined by the number of prunes in a pound. The smallest prunes count 120 to the pound and the largest 15 to the pound.

Size	*Average Count Per Pound*
Extra large	43 prunes or less
Large	53 prunes or less
Medium	67 prunes or less
Small	85 prunes or less

When prunes are received in the packaging plants from the producer they are carefully graded for size and are stored in large bins of about one-ton capacity. As an order from the trade is filled, the prunes are thoroughly washed mechanically. They are then sterilized by immersion in boiling water and are passed over shaker screens that remove excess moisture. The hot fruit is immediately packed and sealed in 30-pound cases or in one- and two-pound consumer packages. This method guarantees a clean pack of sterilized fruit.

Production Shifting

The latest production figures for the dried prunes industry in California are as follows:

1954	174,249 tons
1955	130,943 "
1956	190,082 "
1957	161,193 "
1958	95,512 "
1959	150,000 "

In a California orchard, a portable mechanical "shaker" harvests prunes. The big claw in the background shakes the tree and the prunes tumble into collecting bins.

The reason for the tremendous drop in production in 1958 is that this was a disastrous year for the dried fruits industry in California. Some unknown factors, possibly climatic, caused an unprecedented shortage in the prune crop.

However, California in 1959 harvested approximately 416,000 tons of dried fruits, including raisins. This about equals the annual average of 415,000 tons. Quality of all fruits (including the 150,000 tons of prunes) was excellent. Because the 1959 fruit crop was abundant, prices should remain fairly stable. The 1958 crop was short or damaged and prices therefore were high.

California is experiencing a shift in areas of production of dried fruits. The influx of population into the Santa Clara Valley has sharply curtailed the production of prunes in that area but has provided an incentive for new plantings in northern California, principally in the Sacramento Valley. According to the California Crop and Livestock Report issued August 19, 1959, there are at present 21,214 non-bearing acres of prunes. Most of this is in new plantings that should come into production within a very few years. Bearing acreages in 1959 were 84,700 and in 1958, 83,704.

The California dried fruits industry has over the years striven constantly to improve the quality of its products through better growing, processing and distribution methods. The switch to artificial drying enables the grower to harvest his crop at optimum maturity and dry it into a sound, clean, edible product without the hazard of weather, insect infestation, mould or other damage. The use of mould inhibitors, special fumigants, modern cleaning methods and the most up-to-date methods of orchard care all have added to the quality of the finished product. It is now sold in bright new foil packages, wax-wrapped cartons, visible bags and other attractive consumer packages.

Export Markets

Before World War II, the United States exported approximately 40 per cent of its entire dried fruit crop. In fact, much of the planting of California fruits for drying was encouraged by the excellent export market the industry then enjoyed. The war caused a total disruption in the exporting of dried fruits. For many years after the war, because of disturbed economic conditions in most European countries and in the Orient, practically no commercial exports were made. As economic conditions in Europe improved, exports picked up and today practically all European markets trade freely in Californian dried fruits. Although the prewar acreages have not yet been reached, the industry is striving to expand the export outlets so vital to its existence. In 1959 California harvested some 416,000 tons of dried fruits and raisins. This returned to California growers better than $90 million and the total f.o.b. value should exceed $135 million.

Canada has been and is an important customer for all dried fruits. In 1957, according to figures furnished by the Foreign Agricultural Service of the United States Department of Agriculture, Canada imported from the United States some 18,285 tons of dried fruits, including 6,587 tons of dried prunes—a sizable amount. It is amusing to speculate that this means about 50 prunes for every person, man and boy, living in Canada! Canadian figures give imports of prunes from the United States in 1958 as 13.5 million pounds and in 1959, 12.3 million.

Research Emphasized

The entire dried fruits industry of California has joined together to encourage and finance research. This research is carried on at the Agriculture College of the University of California at Davis; at the U.S. Department of Agriculture Research Centre at Albany, California; at the Stored Products Laboratory in Fresno, and at the Field Experimental Station in Fresno. The objective is to improve the quality of the crop from the orchard through to the consumer.

All research is co-ordinated and is reported to the industry every three months. In this way the industry is kept aware of the latest discoveries and recommendations.

An important and, from a sales point of view, an indispensable facet of the production of dried fruits in California is the rigid and meticulous inspection of the crop. All California dried fruits destined for both the domestic and export markets are subject to this demanding examination for grade, quality and condition. Almost all have a preliminary inspection before being sent from the producer to the processor, to ensure that the commodity meets minimum grade specifications. After processing, there is a careful examination to ensure minimum requirements for quality. All uniform export contracts include a provision whereby a certificate issued by the Dried Fruits Association is mandatory. This certificate is not issued unless, after examination, the product meets the highest standards of quality. The inspection certificate issued by the Dried Fruits Association is a part of the documents submitted for payment for each shipment and acceptance of the certificate is final as to grade, quality and condition. This service was inaugurated in 1910 and in the intervening years it has won world-wide acceptance. Because of these consistent and dependable standards, the industry does not have any difficulty in meeting the quality requirements for import into Canada. ●

Northern Ireland Attracts Industr

Government incentives offered to new industries, plus free entry into the British market, are inducing many U.S. and other foreign companies to set up plants in this area.

W. R. VAN, *Trade Commissioner, Belfast.*

THE average Canadian exporter or manufacturer usually has a limited knowledge of that important part of the British Isles, Northern Ireland. In many parts of the world it is regarded only as a land of saints and scholars, of bogs and mountains, with charmingly inconsequential people disposed to be "agin the government". This untrue though rather pleasant impression probably is accompanied by the idea that, apart from a potent kind of whisky and a world-famous linen, Northern Ireland possesses little industry. Nothing could be more wrong.

What kind of a country is Northern Ireland? Has it some importance for Canadians? Why should they endeavour to learn more about it? Does it offer opportunities to our businessmen and manufacturers?

Northern Ireland (or Ulster as it is sometimes known) covers an area of some 5,200 square miles, including most of the northeast sector of the island. (The remainder comprises the Republic of Ireland.) It is sparsely populated, with only some 1.4 million people, though this is nearly one-third the population of Ireland as a whole. Northern Ireland is an integral part of the United Kingdom, but has a government of its own responsible for certain internal affairs. Today it is sharing in the prosperity of the British Isles.

In the past Northern Ireland depended mainly on agriculture, shipbuilding and the linen industry. The changing times, however, have made it necessary to make the economy less vulnerable by diversifying it. It does not enjoy the high rate of industrialization in the United Kingdom proper, but it is participating more and more in the progress made by the British economy. By planning and foresight, the Government of Northern Ireland is making every effort to assure that any recession or down-trend in the business cycle will not have the serious repercussions common in the past. This calls for a new and diversified industria approach.

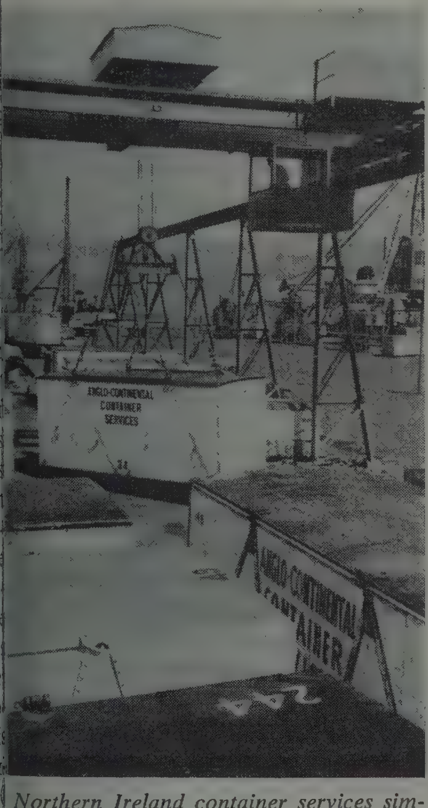
Incentives Offered

To plan and propose industria expansion and diversification is on thing; to attract and encourage in vestment, especially foreign, i another. What has Northern Irelan to offer foreign manufacturers o the lookout for a place to establis branch plants? It provides man incentives, as the steady influx o new industries in recent year proves: since 1945, some 140 firm have been established. Included i the attraction to foreign indus trialists is the generous assistanc of the Northern Ireland Gover ment, financial and otherwise; th wide selection of uncrowded site with all services readily availabl docking facilities and rapid carg handling services. Important too the free entry into the United Kin dom market proper (population 5 million), and, when the Europea Free Trade Area comes into effec to the market offered by the oth member countries.

The inducements that the Government offers vary. Included are tax concessions; ready-built modern factories at low rental or factories built to requirements; generous grants for plant and machinery to firms that prefer to build for themselves, plus assistance towards the cost of installation and training of labour, and rebates on final costs.

There is no shortage of labour. In fact, Northern Ireland still has 8 per cent of its people unemployed, compared with an average of under 2 per cent for the remainder of the United Kingdom.

Millions of pounds have been spent on roads to ensure swift delivery of merchandise to the ports. New wharves have been built, channels deepened, and modern dock machinery installed, including a 200-ton crane at Belfast. The introduction of container services and a ferry service for wheeled vehicles has speeded up the delivery of goods to the United Kingdom proper.


ANGLO-CONTINENTAL CONTAINER SERVICES
ANGLO-CONTINENTAL CONTAINER

Northern Ireland container services simplify packing and can cut costs. Deliveries within 150 miles of the port are usually made within 24 hours of arrival —often on the same day.

Companies Established

The products of the many new firms that have established themselves in Northern Ireland in recent years vary widely—from abrasives to nylon hosiery, record players to tabulating machines, toys to radios and electrical components. Most of these companies have prospered and many of them have expanded beyond their original expectations. Understandably, the new industries have tended to concentrate in and around Belfast, the capital city and the main port, but a fair proportion have been spread over the whole area. Existing firms are also tending to diversify their products.

Among the firms of international repute that have started production in Northern Ireland since the war are Courtaulds Limited (viscose rayon) employing nearly 1,200 workers, Associated Electrical Industries (steam turbines) with a £5 million plant, and Birmingham Sound Reproducers (record players) with a payroll of over 1,800 persons. United States firms have made an important contribution to the postwar industrial program; there are now nine in operation with a total investment of over $53 million and making such things as oil-well drill bits and drilling equipment, nylon hosiery, and abrasives. A recent new arrival is Oneida Ltd. (tableware). It expects to employ 250 in an 80-thousand-square-foot government-built factory. The Chemstrand Corporation has erected a $10 million plant to produce 10 million pounds a year of "Acrilan" man-made fibre. Du Pont is scheduled to start production of neoprene synthetic rubber this year.

Not to be overlooked are the opportunities for licensing arrangements. Many Northern Ireland firms would welcome the opportunity of producing suitable products under a licensing or other mutually advantageous arrangement. ●

Engineers Go International

THIRTY-THREE Canadian consulting engineering firms today have a clearer picture of the opportunities provided by projects financed by the World Bank and the United Nations Special Fund—and of how to seize these opportunities. The reason? A two-day visit to Washington and New York, arranged for them by the Department of Trade and Commerce.

The 43 consulting engineers drawn from these firms travelled first to Washington to consult with World Bank officials. Their program began at the Canadian Embassy where the Ambassador and the Minister Counsellor (Economic) received them and spoke briefly. At the Bank, the group was addressed by the vice-president, Mr. Knapp, and the chief consulting engineer, Gail Hathaway, and was then entertained at an informal luncheon. The afternoon was left free for individual interviews with the World Bank staff. In the evening, the Minister Counsellor gave a reception at the Canadian Embassy, attended by the engineers, World Bank officials, and representatives of foreign countries.

The following morning the engineers arrived in New York and began a busy day with a briefing from the Deputy Consul General (Commercial) for Canada. They then proceeded to the offices of the UN Special Fund for a meeting with David Owen, chairman of the UN Technical Assistance Board and of the Special Fund. Mr. Owen and other officials outlined the policies and procedures of the Fund in selecting consultants. Later the Canadians entertained officials of the Special Fund and the UN Technical Assistance Board at a luncheon presided over by Canada's Permanent Representative at the United Nations, C. S. A. Ritchie. That evening the Deputy Consul General held a reception at Canada House; his guests included officers of international agencies and of private firms interested in international business.

The Canadians returned home well satisfied with the information they had gathered in their whirlwind tour and happy to have been among the 43 to which it had to be limited. One of them wrote to the Department afterwards: "It did give Canadian consulting engineers such as us an insight into the workings of the various world organizations, of the problems involved in obtaining foreign work and how to go about getting this foreign work. We are sure that these have been two fruitful days."

The Egg Market in West Germany

Expanding German market offers Canadians new opportunities for marketing shell and processed eggs.

MALDWYN THOMAS, *Vice-Consul and Assistant Trade Commissioner, Hamburg.*

WEST GERMANY is and probably will continue to be a large net importer of eggs. In past years Canada has not been a major supplier; however, in 1958 and 1959 Germany bought modest amounts of Canadian frozen, dried and liquid eggs. The present uncertainty about some traditional sources of supply, especially for processed eggs, makes this market worth examining.

Shell eggs form by far the largest part of total German egg consumption. Although home production has increased steadily over the past decade, imports have risen even more rapidly and the gap between production and consumption widens. In 1950 Germans used 6.2 billion eggs, of which 32.6 per cent were imported. In 1956 consumption rose to 9.31 billion, 37.4 per cent of which were imported, and by 1958 stood at 11.2 billion eggs, 42.4 per cent imported.

When we turn to processed eggs, imports play an even more important role and sometimes account for total German consumption. In 1958, for example, practically all of the 3,400 metric tons of dried egg, the 3,200 metric tons of fluid yolk, and the 4,000 metric tons of frozen egg used in Germany came from abroad. Traditionally, Germany has always imported most of her processed-egg requirements. The German industry limits itself to the production of shell eggs for domestic consumption and cannot keep up with the demand for these alone.

The Netherlands and Denmark are the leading suppliers of eggs in shell and Communist China dominates the processed-egg market, although not to the same extent as in past years. Canada is a small but growing supplier of processed egg. To appreciate the importance of the egg market for Canada and for the other suppliers, it is necessary to examine it in detail according to the type of egg consumed (fresh or processed). Customs duties are not levied by the type of process but by end use. All egg imports from the dollar area are liberalized.

The import statistics reveal that Holland and Denmark, Germany's two small agricultural neighbours who ship many foodstuffs to the German market, are also the main suppliers of shell eggs. Both countries have a highly developed poultry industry and traditionally regard Germany as one of their major markets for fresh eggs in shell. Grading and quality standards are uniformly high and the German consumer is familiar with eggs from either country. Canada is not a traditional source of supply although a token quantity went to Germany last year. United States shipments to the German market have been negligible, although they rose in 1959. The German trade, however, points out that imports of shell eggs are increasing steadily with the demand and that any source of supply is welcome if quality and price are competitive.

Grading Weight for Fresh Eggs

Class	German (grams)	North American (pounds)
S	68.06	18
A	62.36	16.5
B	57.64	15.25
C	52.92	14
D	47.50	12.5
E	41.67	11

The table below compares the German and North American grading systems for fresh eggs.

Five per cent of the eggs in the package may belong to the next lowest class, as long as the average weight for the class is not exceeded.

Shell eggs coming from Canada must be individually stamped with the word "Canada". Storage eggs could probably be marketed, but they would likely command a c.i.f. price 25 per cent below that of fresh eggs and would have to be stamped with the letter "K" ("Kuehlhaus"—cold storage).

Customs duties on fresh eggs vary according to season. From February 16 to August 31, the duty is raised to assist German production.

The Egg Industry

Because German fresh eggs all go to the consumer market, little processed egg has been produced in the country. For the past half-century, Communist China has been the traditional supplier. Chinese grading standards and quality specifications have set the pattern for the market and all other suppliers follow them. The quality of Chinese processed egg is generally considered excellent because Chinese hens are raised on natural fodder and the German trade prefers the deeply coloured yolk that results. But in the last two or three years, for reasons not officially known but probably the difficulties that the Chinese Communist Government is having in implementing its system of communes, Chinese exports to Germany have fallen off and for short periods have ceased altogether. This has given other countries a chance to get a foothold on the German market:

Among these countries is Canada, whose sales to Germany, although modest, are diversified and growing. Canada's strongest showing has been in frozen egg, but in 1959 we also sold dried egg, fluid egg and albumen on the German market.

Before examining the different types of processed egg in detail, the importance of pasteurizing or otherwise treating all processed egg before shipment should be emphasized. A new German law governing the import and transit of foodstuffs of animal origin and dealing specifically with infection caused by salmonella bacteria came into effect early in 1958. Since then, prior treatment has become a necessity. If salmonella or other infection is discovered after arrival, it is the practice in the trade for exporters to take the goods back. The German import trade feels that it would be much cheaper to pasteurize or otherwise treat the egg during processing in Canada than to have it treated in the Hamburg free port or in other treatment centres outside Germany where, for example, pasteurization costs run as high as DM400 per metric ton.

Frozen and Dried Egg

Frozen egg, used principally by the baking industry, normally forms one of the most important sectors of processed-egg consumption in Germany. In 1959, however, imports fell off considerably because price conditions on the subsidized fresh-egg market made it more feasible for bakeries to use fresh eggs instead.

At present the market for frozen whole egg and egg white is particularly weak and Canadian exporters are advised to offer frozen yolk. Although Canada has sold considerable quantities of frozen egg to Germany over the past year, the Canadian product does not command as high a price as frozen egg from China, Poland or France, which has a much darker yolk. The baking industry also complains that the Canadian egg has only 50 to 75 per cent of the rising power of egg from these countries.

In the past Canadian frozen egg has been shipped in round pails. The import trade, however, recommends that in the future rectangular pails be used because these can be shipped more effectively and thawed out more easily than round ones.

In 1959 Canada for the first time supplied dried egg to the German market. China remains the dominant source but she no longer supplies 90 per cent of German imports. The principal user of dried egg is the noodle industry which holds the dark Chinese yolk in high regard. Dried egg is usually packed in tin-lined wooden cases of 200 pounds net weight.

Liquid Egg Yolk

Liquid egg, produced practically all in yolk form, is used principally by the margarine industry but the noodle, ice-cream and baking industries also buy considerable quantities. China remains the principal supplier but Chinese exports have dropped off considerably and other European countries have taken up the slack. In 1959 Canada succeeded in selling a small quantity to Germany (not yet recorded in the import statistics). The German import trade considers the outlook for liquid egg imported from overseas countries, particularly China, doubtful because of a new German food law that became effective in December 1959. At present the principal preservative used in fluid egg is benzoate of soda which in large enough quantities is said to be poisonous. Under the new law, when foods are manufactured with fluid egg preserved with benzoate of soda the quantity must be indicated on the container. It is felt that German margarine manufacturers will be reluctant to record the benzoate of soda content on their labels and will switch to fluid egg preserved in salt. Fluid egg preserved in salt does not keep for more than four to five weeks and hence it may prove difficult for certain overseas suppliers to ship to the German market. When pasteurized liquid egg is preserved in salt it is susceptible to infection and therefore particular care is needed to ensure absolute cleanliness during all stages of handling and shipping.

Liquid egg is normally packed for shipment in 125 and 200-kilo beechwood barrels, a method which has proved better than more sophisticated packings attempted from time to time.

Albumen

Albumen forms a fairly small sector of processed-egg production and the German food industry uses it to make icings, meringue and certain kinds of confectionery. Most albumen is imported in crystal form. The Netherlands and Denmark dominate the market and so far almost no imports have come from Canada. At present the market for albumen is poor because some of the subsidized domestic egg production, as well as some of the imported fresh eggs, are converted into albumen. As long as German fresh-egg production is subsidized at the present level, the outlook for imported albumen will remain uncertain. The beating power of albumen is of particular importance to the food industry and the minimum requirement should be adhered to.

Canadian producers selling to the German market should ask for normal terms of payment, which are cash against documents. A demand for letter of credit would be accepted unwillingly by German buyers. In fact, a number of exporters (e.g., Australia) have been selling to Germany successfully on consignment.

Specifications for all eggs and tariff information may be obtained from the Agriculture and Fisheries Division, Department of Trade and Commerce, Ottawa, or interested Canadian exporters may write to the Canadian Consul and Trade Commissioner, Hamburg 1, or to the Canadian Commercial Counsellor, Bonn. ●

SPAIN—Opportunities Improve

Successful introduction of Stabilization Plan and liberalization of 60 per cent of imports have improved import opportunities, especially for raw materials and supplies for industry. Careful choice of agent important for Canadian firms.

M. T. STEWART, *Commercial Counsellor, Madrid.*

SPAIN is basically an agricultural country; 40 per cent of its 30 million people depend on agriculture for their living and agricultural products (mainly oranges, olives, almonds, cork, etc.) provide the bulk of Spanish exports. The country also has considerable mineral wealth and sales abroad of iron ore, base metals and mercury have become important.

Industry in Spain has developed slowly and manufacturers have concentrated largely on supplying the domestic market. In recent years some interest in export markets has sprung up. Heavy industry—including iron and steel foundries and shipbuilding—has made considerable progress, especially in the north; the shipyards can build modern ships of various types and sizes at competitive prices. Spanish workmen and technicians are able and hard-working.

The long Civil War put the Spanish economy back several decades and only within the last ten years has the country achieved a fair degree of recovery. A great deal of the plant and equipment dates back to before the First World War. Transportation is inadequate and much of the equipment used is obsolete. The railway system needs to be overhauled completely, from the roadbed up, and a good part of the rolling stock is worn out and must be replaced, at high cost. Agriculture too is inefficient because of the primitive equipment still in use. However, the Spanish authorities realize that greater prosperity depends upon using modern methods to boost agricultural output.

In general, Spanish industry is protection-minded and a large percentage of the successful firms have expanded behind a wall of import controls and tariffs. Most of their products would probably not be competitive in international markets. As for imports, Spain is a conservative country and foreign producers will have to overcome resistance from well entrenched interests. The domestic market is well supplied with consumer goods, almost all of them processed in the country.

Last July, Spain was admitted to full membership in OEEC and following this move, a Stabilization Plan was introduced. The Plan has created an entirely new atmosphere for both domestic and foreign business. It has effectively halted inflation, which had become a real problem. Public expenditure has been kept within reasonable limits and credit restrictions have curbed speculative activity. The peseta has been stabilized at the rate of 60 to the U.S. dollar, and prices (particularly of foodstuffs and necessities) have been held steady, with practically no increases. Foreign exchange reserves, at a dangerous low at the end of June 1959, have increased month by month and are now larger than for many years.

Soon after entering OEEC, Spain liberalized some 50 per cent of her import trade. Further liberalizations became effective May 1, 1960, (see *Foreign Trade* of May 7, 1960) bringing the total to 60 per cent. She also received loans totalling more than $400 million.

Foreign Trade

These two developments had an immediate effect on Spain's foreign trade. Until recently, the country carried on most of its export and import trade under bilateral agreements, partly because the loss of gold reserves during the Civil War made the adoption of this state-trading system almost inevitable. The shortage of dollars naturally hampered trade with the hard currency countries, such as Canada. Now Spain has dollars and, thanks to liberalization, importers may buy raw materials wherever they wish and wherever they can obtain the most competitive prices.

Under present conditions, the Spanish market is worth more than one billion dollars a year and as the economy is gradually freed from controls and continues to develop, this figure should rise. The OEEC plan for Spain for 1960 estimates some $450 to $500 million in liberalized imports, $225 million for products under global quotas, $40 to $55 million for those included in bilateral trade agreements, and $95 to $100 million for imports on government account. This gives a total of between $810 and $880 million, for

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M. T. Stewart, author of this report, is now touring Canada and advising businessmen on trade with Spain. For his itinerary, see page 36.

CANADIAN EXPORTS TO SPAIN

1958

Total:	**$6,715,895**
of which:	
Aluminum in primary forms	2,208,652
Cod light salt, 43% or less, mc	917,912
Drugs and chemicals, n.o.p.	826,136
Asbestos milled fibres	603,378
Scrap iron or steel	529,247
Gas engines and parts	389,794
Taps and dies	172,889
Pulp sulphite bleached dissolving	144,503
Plates, sheets, and strips, steel	139,669
Manufactures of paper, n.o.p.	111,348

1959

Total:	**$6,180,445**
of which:	
Drugs and chemicals, n.o.p.	1,408,716
Asbestos milled fibres	1,330,796
Aluminum in primary forms	1,212,237
Ammonium sulphate	371,959
Aluminum mfrs., n.o.p.	370,000
Bars iron or steel	341,897
Cod light salt, 43% or less, mc	221,862
Manufactures of paper, n.o.p.	140,849
Pulp sulphite bleached dissolving	122,972
Plates, sheets and strips, steel	116,491

CANADIAN IMPORTS FROM SPAIN

1958

Total:	**$6,748,722**
of which:	
Olives sulphured or in brine	1,639,719
Almonds shelled	1,027,340
Pig iron, n.o.p.	643,341
Cork slabs, boards, for mfrs.	403,912
Cork slabs, boards, tiles, n.o.p.	338,999
Wines, non-sparkling	269,371
Onions, fresh	206,131
Ginger and spices, n.o.p., ground	193,623
Olive oil, n.o.p., edible	119,207
Salt for fisheries	110,530

1959

Total:	**$5,735,726**
of which:	
Olives sulphured or in brine	1,513,729
Almonds shelled	631,251
Cork slabs, boards, tiles, n.o.p.	465,114
Wines, non-sparkling	270,146
Olive oil crude and refined	219,783
Pig iron, n.o.p.	207,845
Cork slabs, boards, for mfrs.	180,963
Onions, fresh	175,304
Hatters' furs not on the skin	173,404
Ginger and spices, n.o.p., ground	169,190

the A list of countries—that is, the OEEC countries and others with convertible currencies. For the B list—countries with bilateral payments agreements with Spain (Eastern European countries and Finland, almost all the South American countries, and Mexico, Egypt, Morocco and Tunisia) and countries with no payments agreements, such as Guatemala, Peru, the Dominican Republic, Liberia, Communist China and Japan—the estimate is an additional $85 to $95 million. The grand total is, however, considerably less than the expected $1,150 million for one year estimated last July when Spain adopted the Stabilization Plan.

Global quotas, with some exceptions, are expected to be divided into two parts—50 per cent for the first half of the year and the remainder for action in July and August, with the bidding deadline usually 30 days after the announcement of the opening of the quota. Import licences are required for all goods on the global list.

Canadian Opportunities

Canada's share of the Spanish market has always been small—we ship about $6 million worth of commodities a year, on the average (the figure rose to $6.2 million in 1958) and bought from her $5.7 million worth last year. The Spanish dependence upon bilateral agreements, as pointed out above, plus the postwar shortage of dollars, worked against us. The improved trading situation has not yet been reflected in our sales. Imports into Spain of liberalized materials in the last few months of 1959 were smaller than expected because of excessive stocks, black market practices, etc. Since then conditions have improved and trading opportunities appear more attractive. The Spanish market certainly deserves more attention from Canadian exporters than it has yet received.

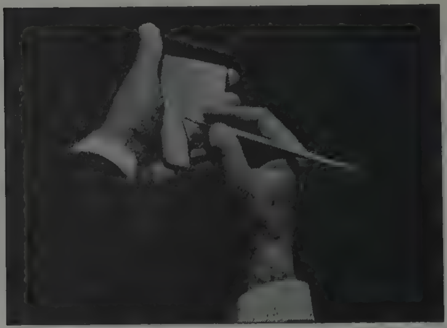
Opportunities are particularly good for selling raw materials and basic supplies for industry—such things as aluminum ingot, crude asbestos, nickel, wood pulp, pulpwood, and possibly timber. Some machinery and equipment should also sell and there is a potential market for heavy chemicals, fertilizers, and pharmaceutical raw materials. Spain is in the market for farm tractors and agricultural implements in quantity. Some of this equipment will be turned out in local plants but substantial imports will also be needed in the next few years. Canadian producers will find it more difficult to sell manufactured goods here. There are exceptions but in general, raw materials and semi-manufactured products stand the best chance. Our leading exports to Spain last year were aluminum in primary forms and aluminum manufactures, certain chemicals, asbestos fibres, iron and steel bars, light salted cod, paper manufactures and sulphite pulp.

Selling in Spain

The Spanish market has definite peculiarities that exporters should understand. For this and other reasons, the choice of the right agent or distributor is extremely important. Control over all imports and exports has been exercised from Madrid for the past twenty years and it has been necessary to have an agent there—one with the proper connections with the various authorities. ("Connections" count in Spain and their importance should not be overlooked.) Now that the import business is less tightly controlled and more normal, representation in the other large centres may become useful. Barcelona, for example, has more than one and a half million people, is a very busy port, and has a large concentration of industry, particularly textiles. It also serves as a distribution point for a large hinterland. Representation might well be divided between Madrid and Barcelona.

Promotion material should be supplied in Spanish and the text should be corrected by an expert in Madrid and printed in Spain if possible. This will cut down costs and avoid customs charges, delays and other difficulties.

In almost every case, when a Canadian firm is looking for a suitable representative in Spain many special problems have to be considered. The office of the Commercial Counsellor at the Canadian Embassy will be glad to help exporters find the right solution to these. ●



General Notes

Ceylon

AID FOR FISHING INDUSTRY—Under an agreement signed recently between the Japanese Embassy and the Ceylonese Fisheries Department, Japan has agreed to send a team of Japanese fisheries experts to Ceylon and to supply equipment for a fisheries centre in Negombo. The Japanese experts, supplied under the Colombo Plan Technical Assistance Scheme, will help the Fisheries Department to organize and run the centre for three years. The Ceylon Government will provide the land and certain necessary equipment, plus local staff to understudy the Japanese experts—Colombo.

Indonesia

NEW SHELL COMPANY—The Indonesian Government has approved the foundation deed of P. T. Shell Indonesia, a new Shell group company established at Djakarta under the laws of Indonesia. Founders/shareholders of this company who will take over Shell group interests in Indonesia—currently vested in Bataafsche Petroleum Maatschappij (BPM)—are the Canadian Shell Limited of Toronto and Shell Overseas Explorations Co. Limited, London, England—Djakarta.

DEVELOPMENT BANK—The Government of Indonesia has decided to establish an Indonesian Development Bank to finance the over-all reconstruction plan of the National Planning Board, expected to begin in 1961. The Bank will have a capital of Rp.10 billion. The money will come from sums frozen at the banks under last year's government monetary measure, plus 55 per cent of the profits from state-owned enterprises (estimated at Rp.4.5 billion a year). The head office of the bank will be in Djakarta but branches are to be set up in other regions and in foreign countries—Djakarta.

Jamaica

GOVERNMENT FINANCE INSTITUTION—The Government's Development Finance Corporation will grant long-term loans from $13,500 up to firms engaged in developing housing and the tourist trade. The establishment of the corporation illustrates the Government's concern with providing financial facilities for a growing economy—Kingston.

CANADIAN PLANTS SET UP—A subsidiary of a Canadian company is now making bonded automobile brakes in Jamaica. Another Canadian plant—the firs such factory in Jamaica—will soon be turning out typewriters, typewriter cases and radios for the world market. Also under construction is a $270,000 toothpast factory—Kingston.

New Zealand

POWER CABLE STUDIED—An underwater powe cable joining the two grids of the New Zealand electric power system could be constructed economically, according to a report by consulting engineers retained by the Government. The cable would cost almost $50 million, including a link with the huge Benmore power project now under construction, but it would make lower-cost South Island power available to the North Island, where the more accessible power potential has been almost entirely developed.

Describing the proposed cable as simple, economic and practicable, the consultants recommend a direct current circuit of 500,000 volts, with a submarine link of over 25 miles. It would be of higher voltage and greater capacity than any similar project outside the U.S.S.R.

Present North Island power projects will meet expected demand only until 1965. If the cable is to be ready by that date, further investigation of tides and sea floor, and design studies, will have to be undertaken this year. In deciding whether or not to proceed with this project, New Zealand will be influenced by prospects of accelerated industrial development in the South Island which will call for more power, as well as current investigations of the hydroelectric and geothermal power resources of the North Island—Wellington.

Portugal

CREDIT RESERVES IN BRAZIL—Portuguese currency credit reserves retained in Brazil at the end of 1959 totalled 236 million escudos (Can.$7,788,000), according to the *Boletin Comercial* of Rio de Janeiro. The balance is the result of a program of accumulation initiated in 1953 which is now beginning to bear fruit with the gradual development of mutual trade. As the bulletin points out, trade between Portugal and Brazil is no longer confined exclusively to the Christmas season, when Brazilian importers have traditionally purchased Portuguese foodstuffs—Lisbon.

Sweden

ENGINEERING AND TRADE—A comparison between Sweden's foreign trade in 1950 and 1959 indicates a changing pattern for both exports and imports over the past decade, according to a survey published by Göteborgs Bank. The most noticeable trend is an increase in the relative share of engineering products. In 1950 no less than 55 per cent of the value of imports was accounted for by food, fossil fuels, and textile raw materials and manufactures, but in 1959 the proportion was only 37 per cent. Imports of machinery, cars and chemical products have gone up from 22 to 33 per cent.

On the export side, forest products accounted for 43 per cent in 1950, but dropped to 31 per cent in 1959. The share of iron ore, iron and steel and their manufactures fell from 18 to 16 per cent, but machinery, cars and ships increased from 19 to 30 per cent—Stockholm.

TELEVISION EXPANSION—Since television was introduced in Sweden in September 1956 the Swedes have bought about $200 million worth of TV sets, according to the Swedish Telecommunications Board. The number of TV licences now totals 765,000, which places Sweden next to Britain in number of sets per 1,000 inhabitants in Europe.

The Swedish television network now includes 33 transmitters and 2,400 kilometres of radio links. By the end of this year 12 more stations and 700 kilometres of link connections will be added, and the number of licences will probably reach about one million—Stockholm.

Venezuela

TENDERS FOR HIGH-TENSION LINE—The Venezuelan Development Corporation and its affiliated firm, C.A. de Administractión Y Fomento Eléctrico (CADAFE), have called for tenders to build the high-tension line between the Caroni River hydroelectric plant and consumption centres in north and central Venezuela. It will be a 220,000-volt line about 406 miles long—Caracas.

Tours of Territory

D. S. ARMSTRONG, Commercial Counsellor in Cairo, Egypt, will visit Ethiopia during the week of June 20.

H. E. CAMPBELL, Trade Commisisoner in Kingston, Jamaica, will visit Nassau, Bahamas, from July 3-9.

L. D. R. DYKE, Acting Commercial Secretary in Athens, Greece, has postponed his visit to Turkey indefinitely.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Bucharest, Romania, and Sofia, Bulgaria, from June 20-29, and Prague, Czechoslovakia, from July 11-14.

R. H. GAYNER, Acting Consul General and Acting Trade Commissioner in Manila, the Philippines, will visit Taipei, Republic of China (Taiwan), from June 14-27.

R. F. RENWICK, Commercial Secretary in Port-of-Spain, Trinidad, will visit Antigua and St. Kitts from July 8-12.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Belgrade, Zagreb and Ljubljana in Yugoslavia from July 18-29.

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan, will visit Korea from June 20-24.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Armstrong at Cairo, Mr. Campbell at Kingston, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Gayner at Manila, Mr. Renwick at Port-of-Spain, and Mr. Woolham at Tokyo.

Some 275,000 tons of produce a year goes from Dutch farms into local food-processing plants—photo by Malak.

The Dutch Food-Preserving Industry

Dutch plants process fruits, vegetables, meat and fish, both produced at home and imported from abroad. Canada buys some of the output but also supplies certain canned fruits and fish.

J. C. BRITTON, *Commercial Counsellor, The Hague.*

THE NETHERLANDS food-processing and food-preserving industry has expanded considerably since the war and its importance is steadily increasing. Today it not only processes the sizable quantities of its own agricultural products that its people do not consume fresh, but also processes and re-exports imported foods. The Dutch have acquired special skills in this field and their preserved and processed food products have won a high reputation in many markets.

The food-preserving industry in the Netherlands falls into three major categories—fruits and vegetables, meats, and fish.

Fruits and Vegetables

Every year approximately one million metric tons of vegetables and some 450,000 metric tons of fruit are sold through auctions in the Netherlands. Over 15 per cent of the vegetables and 20 per cent of the fruit are processed industrially. At present, more than 200 large and small fruit and vegetable processing plants are operating, including well over 100 with an annual processing capacity of 250 to 300 tons of vegetables or 70 to 100 metric tons of fruit. The various plants turn out a wide variety of semi-manufactured and finished products. Among the semi-manufactured ones, fruit pulp, pickled gherkins and silverskin onions have a world-wide reputation. The finished products cover everything made from the rich assortment of fruits and vegetables grown by Netherlands horticulturists.

The following table shows the relative importance of the various products of the Netherlands fruit and vegetable processing industry in 1958.

	Quantities processed in 1,000 metric tons	Percentage of total production
Vegetables processed into:		
Canned and bottled vegetables	81	46.3
Sauerkraut	31	17.7
Pickles	24	13.7
Dehydrated vegetables	23	13.2
Frozen vegetables	13	7.4
Other products	3	1.7
Total	175	100
Fruit (including fresh semi-tropical fruit) processed into:		
Fruit pulp, jam, etc. (including applesauce)	52	49.5
Fruit juice, fruit beverages	18	17.1
Fruit preserved in juice, water and syrup	16	15.2
Apple and pear syrup	8	7.6
Frozen fruit products	4	3.8
Dried fruit products	1	1
Other fruit products	6	5.8
Total	105	100

The above figures illustrate the importance of canning and bottling in the processing of vegetables. With fruits, pulping is the chief process.

Most of the large vegetable-preserving plants are equipped to apply the various methods of preservation. In addition, a number of plants (mostly smaller ones) specialize in dehydrating and pickling. The principal vegetables used for canning are peas, beans and gherkins; silverskin onions, gherkins and cauliflower go into mixed pickles. For freezing, peas, spinach, Brussels sprouts and beans are the main varieties.

Fruit pulp is the leading semi-manufactured product of the domestic fruit-processing industry and is used to make jam. The output of the pulping plants exceeds domestic requirements and consequently large quantities are shipped abroad.

Other varieties used for fruit pulp include apples, plums and cherries.

Before the war, fruit-drying was unknown in the Netherlands, and the bulk of the dried fruit imports came from the United States. The postwar shortage of foreign exchange cut down imports, including dried fruits, from the dollar countries drastically. This led to the establishment of fruit-drying plants in the Netherlands; at present several convection-type plants produce high-quality dried apples.

Processed Exports

Netherlands trade statistics indicate the significance of exports of processed fruits and vegetables. Netherlands imports of these products totalled about $12 million in 1958, but its exports in the same year were valued at nearly $24 million. The principal markets for Dutch processed fruits and vegetables are the United Kingdom and West Germany; these two combined take more than half of the Netherlands exports. Shipments to Canada in 1958 are shown below.

Imports of processed fruits and vegetables into the Netherlands consist largely of canned and bottled

NETHERLANDS FRUIT PULP EXPORTS

	1958		1959	
	Metric tons	$1,000	Metric tons	$1,000
Strawberry Pulp				
Total	13,761	3,120	10,481	2,124
United Kingdom	6,486	1,512	4,974	1,053
West Germany	6,112	1,320	4,504	855
Canada	795	194	765	162
Raspberry Pulp				
Total	2,795	850	3,708	822
West Germany	1,027	326	2,019	444
United Kingdom	367	90	434	99
Switzerland	673	217	539	116
Canada	28	10	284	62
Red Currant Pulp				
Total	1,272	380	1,014	222
United Kingdom	241	69	301	67
France	508	156	417	91
West Germany	352	101	263	55
Canada	9	4		
Black Currant Pulp				
Total	1,461	620	786	346
United Kingdom	860	360	278	113
West Germany	383	159	394	171
Canada	116	65	17	9

PROCESSED FRUIT AND VEGETABLE EXPORTS TO CANADA

	1958		1959	
	Metric tons	$1,000	Metric tons	$1,000
Runner beans	28	7.5	43	12.3
French beans	12	4	15	4
Beans, spinach, carrots, mixed vegetables	56	11	39	8
Gherkins, silverskin onions and pickles	15	6	15	6.5
Other vegetables	83	22.5	134	44
Gherkins	115	23		
Preserved onions, not in cans	914	308		

NETHERLANDS IMPORTS OF CANNED APRICOTS AND PEACHES 1959

	Metric tons	$1,000
Canned Apricots		
Total	397	131
Union of South Africa	102	37.5
United States	180	61.2
Canada	14	4
Canned Peaches		
Total	2,726	775
United States	2,116	581
Canada	103	35
Japan	454	114.3

vegetables; dried fruits and vegetables; fruit in juice, water and syrup; fruit pulp and fruit juice. Chief among the canned and bottled vegetables are tomatoes, peas and beans; Belgium/Luxembourg and Italy are the leading suppliers. Canada obtains a share of the Dutch trade in canned apricots and peaches. The table on page 23 shows Canadian exports of processed fruits to the Netherlands in 1959. The principal suppliers are listed for purposes of comparison.

Meat and Meat Products

Meat production in the Netherlands is divided into two major groups: bacon and other meat preserves, and meat products. There is no sharp distinction between the two groups; several of the larger firms produce both. Some 180 packing plants are currently engaged in the manufacture of processed meats and about 18 of these also produce bacon. In 1959 these plants exported 59,802 metric tons of canned meats and meat products with a value of about $65 million.

The domestic pig is the principal raw material for the Netherlands meat-processing industry. Cattle in Holland are reared primarily for a maximum milk yield and are of minor importance as a source of meat. The Netherlands cattle population nevertheless aids the meat-processing industry by supplying valuable hog feeds and thus greatly improving the quality of the pork.

A substantial part of the meat produced from Netherlands hog farming has always gone to export markets and foreign shipments have become the mainstay of the pork-processing industry. Originally, fresh pork and ham were the principal exports. In addition, smaller quantities of bacon were shipped to Britain, the most important outlet for Netherlands pig meat. The Netherlands now supplies important quantities of bacon to the United Kingdom—some 16,429 metric tons in 1959, with a value of $10.1 million.

Ham represents more than 50 per cent of the Netherlands' total exports of processed meat products, followed by pork luncheon meat (18 per cent) and mixed beef/pork luncheon meat (11 per cent). The United Kingdom is the chief outlet for the Dutch processed meat products, taking more than 50 per cent of exports by volume in 1959, as against nearly 36 per cent purchased by the United States and Canada together. In terms of value, however, the United Kingdom and the United States and Canada each took 44 per cent of exports. In the official Dutch statistics, Canada's purchases of Netherlands processed meat products in 1959 totalled 42 metric tons valued at approximately $27,000.

As an importer of meat products, the Netherlands offers few prospects as an outlet for other meat-supplying countries. Of 1959 imports of processed meat products worth $1.4 million, the bulk ($835,000 worth) came from Argentina. The United States shipped canned ham to a value of $203,500.

NETHERLANDS CANNED FISH EXPORTS, 1959

	Metric tons	$1,000
	Canned Salmon	
Total	539	757.5
France	353	473
	Canned Herring	
Total	7,715	2,330
Belgian Congo	1,396	336.5
Sierra Leone	987	255.5
Lebanon	661	197.5
Nigeria	592	152
West Germany	516	140
Canada	17	10
	Other Canned Fish	
Total	5,616	1,518
Italy	1,449	361
United States	2,817	723
Netherlands New Guinea	366	98
	Canned Lobster	
Total	77	194.5
France	73	184.5
	Other Canned Shellfish	
Total	1,787	496.5
Belgium/Luxembourg	1,248	341.5
United Kingdom	384	93.5

NETHERLANDS CANNED FISH IMPORTS, 1959

	Metric tons	$1,000
	Canned Sardines	
Total	917	595
Portugal	893	568
	Canned Salmon	
Total	2,633	2,372
United States	166	256
Canada	303	293
Japan	2,043	1,682
	Canned Lobster (including crayfish)	
Total	219	482
U.S.S.R.	78	191.5
Belgium	64	112
Japan	43	91.5
Canada	7	33

Fish Products

Fish canning, of little importance before the war, has made considerable progress since. At present about 15 modern canning plants produce canned fish, almost entirely for export. This postwar progress resulted primarily from the efficient organization of the Netherlands fishing industry. Fishermen receive technical advice from the Institute for Fisheries Research and the Commodity Board for Fisheries Products.

In 1959 Netherlands exports of processed fisheries products totalled 15,743 metric tons, valued at about $5.4 million. The principal consumers are listed above.

Netherlands imports of processed fisheries products include mainly canned sardines, salmon, lobster and crayfish. Details are given above.

The Netherlands is predominantly a price rather than a quality market. In canned fish and also in other preserved foods, competition is keen and price the paramount consideration. ●

Paints and Varnishes

The Market in Venezuela

High duties protect domestic industry and limit imports, except when special arrangements permit duty to be waived. Some scope for imports of raw materials.

R. D. SIRRS, *Assistant Commercial Secretary, Caracas.*

SCARCELY twenty years ago Venezuela imported practically all of her paint, varnish and lacquer requirements. In fact, until 1952, when the local tariff was revised, most of the paints used were purchased from abroad. However, in recent years this picture has changed radically and today, with the exception of a few specialized paints, the domestic industry satisfies nearly all of the country's needs. Furthermore, new types of paints are being introduced, so that the tendency to eliminate imports will continue. They now account for a mere 2 or 3 per cent of the total market. Many of these imports are products that could be obtained locally but which are allowed entry under special arrangements. (These are discussed later on.)

Dynamic Development

Venezuela's first paint manufacturer of any significance (PINCO) was established in Caracas in 1940. In 1949 the country's largest single paint manufacturer (MONTANA) also set up a plant in Caracas and gave considerable impetus to the industry. This firm alone now accounts for well over 40 per cent of total output.

Venezuela's first paint manufacturer, with two other firms in the same group (Tucan and Pittsburgh), runs a close second in total paint output. Four other firms, including local subsidiaries of Sherwin Williams (third largest supplier) and Dupont, are also significant producers. These firms as a group are estimated to turn out Bs.80 million worth of paints, lacquers, varnishes and solvents a year. Yet this figure represents only approximately 70 per cent of the industry's total capacity.

The production build-up is shown in Table I.

TABLE I

VENEZUELAN PRODUCTION OF PAINTS, ENAMELS, VARNISHES AND SOLVENTS

(metric tons)

	1945	1950	1955	1958
Paints				
Oil	457	555	5,329	7,408
Paste		394	2,474	7,531
Powder	419	2,101	4,034	4,968
Total	876	3,050	11,837	19,907
Enamels	153	358	2,451	3,023
Varnishes	14	16	1,523	2,961
Solvents	19	56	1,102	3,160

Products for household and industrial use that the Venezuelan paint industry turns out include:

Rubber base paints (for internal and external use)
Oil paints (all types)
Enamels (all types, including synthetic alkyd and modified enamel oil bases)
Alkyd resin paints
Anti-corrosive paints (e.g., epoxy base)
Melamine base paints
Marine paints (e.g., vinyl base, etc.)
Acrylic base paints
Other synthetic resin paints
Bituminous paints
Heat-resistant paints (e.g., aluminum paste)
Aluminum paints
Cement paint (e.g., silicate)
Powdered paints (e.g., casein)
Water emulsion paints
Primers (e.g., oxide red lead, aluminum, zinc chromate)
Varnishes (spar, synthetic, gloss, internal and external use)
Lacquers (e.g., cellulose)
Solvents
Wood fillers

The biggest sellers are the cheap lines of oil paints (first place) and powdered paints (casein). The latter, because they are cheaper, are particularly popular in the interior of Venezuela. Rubber-base paints occupy third place and are also major sellers. The automobile industry (assembly) is now using locally made lacquers and paints.

The standard Venezuelan paint measure is the U.S. gallon, although its equivalent in litres is also shown on each container, in keeping with the general use of the metric system. Labelling and advertising material must, of course, be in Spanish.

Imports Shrinking

Venezuela's imports of paint products are largely confined to a few purchases made by the oil industry or by some government

TABLE II

VENEZUELAN IMPORTS OF PAINTS, VARNISHES, LACQUERS, ETC., BY MAIN SUPPLIERS**

Country	1956*		1958*	
	Kilos	Bolivars	Kilos	Bolivars
Oil, synthetic resins, emulsion, oil in paste or liquid, into whose composition there enter synthetic oils or resins, emulsionable (to be used with water).				
United States	403,044	815,084	297,429	645,111
United Kingdom	366,729	405,084	81,353	124,181
West Germany	246	561	1,687	20,357
CANADA	23	114	2,102	11,604
Netherlands			7,467	6,007
France	8,213	42,263	1,235	6,000
Varnishes				
United States	249,320	941,054	214,781	630,391
United Kingdom	347,477	742,738	134,862	274,848
Netherlands	679	2,045	6,079	26,973
Italy	63	188	14,892	26,486
West Germany			3,681	14,703
Lacquers				
United States	250,078	738,806	65,153	194,469
West Germany	2,066	6,182	16,463	50,786
United Kingdom	1,764	3,756	9,853	20,230
France			3,940	13,492
Fine Paints				
United States	10,254	46,785	48,571	127,706
West Germany	9,169	49,558	18,552	79,544
United Kingdom	12,076	18,917	4,733	26,237
Italy	732	3,805	1,488	25,574
Netherlands	1,829	8,861	1,955	18,865
Bituminous				
United States	57,986	62,657	76,985	173,420
Netherlands	22,621	6,176	65,099	19,420
Curaçao	77,133	21,575	4,340	4,165
In paste or liquid to be used with water				
United States	57,162	105,183	29,447	60,247
West Germany	4,058	11,190	10,036	29,632
Japan			848	25,504
In powder				
United Kingdom	34,016	16,376	28,199	15,015
United States	2,218	6,209	3,070	13,983
West Germany	110	754	124	2,859

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*January to December.

**Venezuelan Government statistics.

offices. The oil industry, for instance, finds it possible to import certain paints (e.g., anti-corrosives) because it receives a duty exoneration. The Venezuelan Navy also buys specialized marine paints from abroad (especially Italy). However, because most of these types are now being produced locally, with only a few exceptions, the buyers mentioned above in many instances have already turned to domestic sources of supply. The local industry's current over-capacity also results in more competitive prices. The relatively small volume of imports (3 per cent of market) which are subject to duty exoneration will thus probably decrease. Furthermore, i is good public relations for local oi companies and other "favoured" entities to purchase Venezuela products whenever possible.

"Favoured" imports are generall reflected in Table II. Canada play a very small rôle in this business Imports are primarily centred o foreign paint firms who sell specialized product not availabl elsewhere, and who have some for of direct connection with the loca oil industry or who (most import ant) offer the most competitiv foreign price.

A number of obstacles to import have already been cited. Howeve the high duty rates which result from the renegotiation of the U.S. Venezuelan Trade Agreement i 1952 remain the main deterrent t imports. They also provide th prime reason for the rapid build-u of local industry which today prob ably controls over 96 per cent the market. Existing duty rates a as follows:

	Import Duty Rat Bs. per gross kilogram
Paints, etc. (into whose composition there enter synthetic oils or resins, to be used with water)	1.50
Varnishes	2.60
Lacquers	3.00
Fine paints	1.50
Bituminous	1.00
In paste or liquid (to be used with water)	1.25
In powder	2.00

The above constitutes the sole i port restriction. No import licenc are required and there is no e change control.

Raw Materials Imported

Practically all of Venezuela's r materials for paints are import The only exceptions are a f locally produced items such as derivatives (varsol, kerosene) a a few chemical products (calcium carbonate). This demand for raw materials will no doubt continue and thus offer the best Canadian export opportunities. The United States is by far the most important supplier of raw materials. However, from other sources such as Germany, the United Kingdom and other European countries come items such as crude castor oil, fish oil, linseed oil, mica, talc, whiting and some iron oxides and mineral earth pigments.

This office will be pleased to provide any additional information on the development of the local market and on the prospects for imports. ●

The Market in Colombia

More and more of Colombia's paints and varnishes are made at home, but the industry must import 70 per cent of its raw materials. It is here that the best sales opportunities lie.

ADOLFO AMADOR, *Office of the Commercial Secretary, Bogotá.*

BEFORE World War II the Colombian paint and varnish industry consisted of five small factories which produced, in a rudimentary form and without modern techniques, water and oil paints. This output covered only a small part of total consumption and the remainder was imported from the United States, Canada, and some European countries. War imposed heavy demands on these suppliers for most of their products and exports were therefore either curtailed or suspended. Paints and varnishes were among these products and Colombian industrialists were forced to investigate the possibility of manufacturing finishes locally on a larger scale.

Local Industry Efficient

In 1945 the first important paint-making plant was started in Medellin. From then on, as industrial development increased, other larger plants were founded. Today there are six modern factories in Colombia of which the biggest, with 100 per cent Colombian capital and personnel, accounts for 50 per cent of total production. The other five, with participation of foreign capital, make another 40 per cent. (Most of these companies use foreign patents and formulas in their products.) In addition to the big plants, there are 11 small factories that turn out oil paints, water paints and casein. These account for the remaining 10 per cent of national production. The following are the paints, varnishes and lacquers produced:

Enamels
Synthetic enamels (decorative)
Enamel for industrial uses
Acid-resisting enamels
Hammered and corrugated enamels
Bakable enamels

Paints
Oil paints
Water paints
Latex paints
Synthetic resin paints
Marine paints of all kinds
Special industrial paints
Fluorescent, luminous and phosphorescent paints

Varnishes
Synthetic resin varnishes
Cellulose varnishes
Spirit varnishes

Lacquers
All types of lacquers for wood and vehicles

Fillers and Maintenance Products
Sealers
Fillers
Maintenance wax and polishers
Rubber cement

Formulated to the highest standards, Colombian finishes compare favourably with similar products from the United States and other countries. All the new plants are equipped with the most modern machinery, including batteries of roller mills, Kady mills, Cowles dissolvers, steel ball and pebble mills, Morehouse mills and associated units. The varnish rooms have oil-fired varnish kettles, filter presses and storage tanks. The lacquer building is fire- and explosion-proof and solvents are stored in underground tanks.

Some of the bigger plants have their own container and can-manufacturing facilities that turn out containers from two-ounce to one-gallon sizes in tin and terne plate, using semi-automatic equipment. The usual container size is the U.S. gallon (or parts thereof) although the "cunete", a five-gallon (U.S.) container, is also used. These are filled, labelled and packaged by modern machines.

Table I shows total production of paints and varnishes during the past three years.

Table I

Colombian Paint and Varnish Output

	Gallons	Pesos	U.S.$
1957	2,023,611	45,154,161	6,450,594
1958	2,225,972	49,669,577	7,095,654
1959	2,500,000	55,750,000	7,964,285

Imports, Import Controls

Although the volume and variety of paint and varnish production are expanding, it is still necessary to import certain specialized finishes. These could be made in local factories, though production would be uneconomic because of the small quantities involved. Import of these products is shown in Table II.

TABLE II

COLOMBIAN IMPORTS OF VARNISHES

Country of origin	1958 Value c.i.f. in U.S.$	1959 Value c.i.f. in U.S.$
Oil varnishes		
United Kingdom		82
United States	2,020	79
Total	2,020	161
Cellulosic varnishes		
United States	6,455	6,789
Netherlands	2,430	
Total	8,885	6,789
Other varnishes, colouring matter added or not		
Germany	3,026	3,953
Canada	780	
Netherlands	2,115	
France	49	
Italy	4,170	11,442
United Kingdom	229	127
United States	122,162	43,171
Netherlands West Indies		29
Switzerland	17	
Total	132,548	58,722

All imports into Colombia require an import permit and the local industry receives a good deal of protection. In the first place, manufacturers are protected by high specific and ad valorem duties. In addition, Colombia places all imported products on one of three lists: the free list for essential articles not manufactured in the country, such as raw materials; the "previous licence" list for articles locally manufactured but not in sufficient quantities to cover domestic needs, and the prohibited list that includes luxury goods and those made in the country. The products of the paint industry, in addition to having tariff protection of 2.50 pesos per kilo and 50 per cent ad valorem, are included in the previous licence list, which means that they require a previous licence issued by the import authorities. The licence is granted only when it is proved that the finishes to be imported are not made by Colombian firms.

Practically all of the finishes made in Colombian factories are used within the country. Colombian firms generally sell their products in two ways: direct from the factory to large organizations, or to big distributing firms that in turn sell to retailers. Direct factory sales are f.o.b. and on cash terms; sales to distributors are made on 60-day terms with a 30 per cent trade discount and an additional 3 per cent discount when the invoice is paid within the first ten days. Distributors sell to retailers on 60-day terms and a 20 per cent trade discount, plus an additional 3 per cent for cash. Sales are made in Colombia through a limited number of distributors and by about 300 retailers.

Sales Opportunities

General economic developments point to a growing market for paint products in Colombia and an assured growth in the future. The demand for consumer goods, for example, is expanding continually, and there is an ever-growing supply of locally made refrigerators, freezers, washing machines, electric and gas stoves, typewriters, office machines, office furniture, radios, etc. House construction is booming and will continue to do so as the standard of living of Colombia's 15 million inhabitants improves. Large quantities of paint are also required for the maintenance and construction of air, sea, river and land transportation vehicles that have to be operated in difficult mountain terrain and in tropical climates.

It cannot honestly be said, however, that Canadian paint exporters will be able to boost their sales to Colombia in future, because this country is already making most of the finishes it needs; imports of even specialized products are diminishing every day. But Canadians can participate in this market by supplying raw materials.

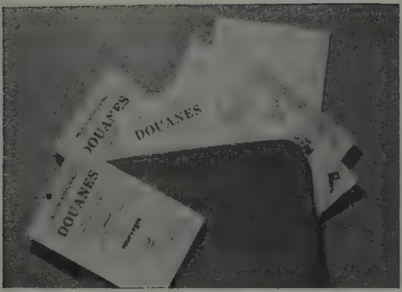
Colombia's paint manufacturers obtain about 30 per cent of their raw materials locally. These consist of barite, calcium carbonate, calcium silicate, diatomite and a low-quality kaolin. The remaining 70 per cent, totalling about 2,500 tons a year, is imported from other countries. Imported raw materials include: alkyd resins, pigments, drying agents, anti-skinning agents, nitrocellulose, other resins and latex, plus numerous organic solvents such as methanol, isopropyl alcohol, methylene chloride, methyl isobutyl ketone, methyl ethyl ketone, xylol, and toluol.

If Canadian suppliers of raw materials for the paint industry can establish a pricing policy competitive with that of European manufacturers, they can probably obtain a substantial share of this market.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.



Trade and Tariff Regulations

Pakistan

BRUSSELS NOMENCLATURE ADOPTED—It has been announced that the Pakistan Import Customs Tariff will be revised by the adoption of the Brussels Nomenclature, effective July 1, 1960.

South Africa

CUSTOMS TARIFF—The South African Customs Tariff was amended on February 19, 1960, by increases in rates of duty on certain brass, bronze, copper and copper alloys.

The new rates are:

Item		*Rate from all countries*
121 Brass, bronze, copper and copper alloys—		
(i) Sheets or sheeting, plain or perforated, exceeding 12 inches in width—		
(a) less than 0.030 inches in thickness	per 100 lb.	£3. 0s.0d.
(b) 0.030 inches and more, but not exceeding 0.099 inches in thickness	"	£2.10s.0d.
(c) exceeding 0.099 inches in thickness	"	£2. 0s.0d.
(ii) Circles, plain or perforated	"	£1.15s.0d.
(iii) Strips, plain or perforated, not exceeding 12 inches in width	"	£1.10s.0d.
(iv) Foil	"	£1.10s.0d.
Ordinary dumping duty is imposed on all the above items when they are imported from or originate in Canada.		
(v) Extruded sections		free

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade announced recently that it has received the following representations respecting the tariff:

Increase in duty on—

1. Bias binding
2. Waistbanding for trousers
3. Printed felt-base floor coverings
4. Foundry moulding boxes
5. Electric domestic cooker heating elements
6. Felt-base paper used in the manufacture of roofing felt and felt-base floor covering
7. All helical, spur, bevel and worm reduction gears, gear-boxes and components thereof, excluding only gears and gear-boxes for the automotive and machine tool industries
8. Crepe paper for decorative purposes and specially printed Christmas wrapping paper
9. Cardboard paper plates
10. Asphalt and vinyl asbestos tiles and linoleum tiles
11. Braided elastic
12. Car, truck and trailer springs for use as replacements
13. Bolts and nuts
14. Coated felt, coated bonded fibre fabrics, coated paper, (i.e., paper coated with preparations of cellulose derivatives or other plastic material)
15. Polyvinyl chloride polymers and co-polymers and preparations thereof
16. (a) Polythene, polyvinyl chloride and any similar plastic (resinous or allied) film and sheeting (sheet) including lay-flat tubing (but excluding fully transparent, i.e., glass-clear, sheet and film)
    (b) Bags made from plastic film and sheeting enumerated in (a)
17. Bandsaw blades
18. Textile cones
19. Conveyor belt fasteners
20. Plastic metal filler (soldering compound)
21. Baby and crib blankets
22. Moulded paper plates and trays
23. Glass paper, flint paper, and emery cloth
24. Essential oils
25. Masking tape and transparent cellulose pressure-sensitive adhesive tape
26. Women's woven woollen overcoats, dressing gowns and other outerwear
27. All ladies' gloves
28. Printed, designed suitcase lining papers
29. Plywood—this particular representation does not refer to the tariff rate on plywood from Canada
30. The following plastic containers:
    (a) collapsible plastic tubes for toothpaste, cosmetics, pharmaceuticals, etc.
    (b) flexible plastic bottles
    (c) squeeze-to-use containers
    (d) cream jars, sizes ½ to 8 oz.
31. Automatic vending machines

Rebate of duty on—

1. Watch component parts used in the assembly and manufacture of watches
2. Liquid petroleum asphalt used in the manufacture of hardboard
3. Lastex fabric for the manufacture of swimwear
4. High tensile wire rod for the manufacture of bolts and nuts

5. Technical melamine for the manufacture of melamine formaldehyde
6. Mica, empire cloth and woven silk for the manufacture of electric transformers and electric motors
7. Printed cellulose casings, cellulose pork sausage casings, printed sausage cartons, for the packaging of meat products
8. Nylon filament yarn for the manufacture of nylon filament stretch yarn
9. Tubular knitted elasticised fabrics for the manufacture of roll-ons
10. Certain components from the United States of America for the manufacture of cabs for trucks and commercial vehicles
11. Isopropyl alcohol for the manufacture of cosmetics
12. Plastic acetate sheeting used in the manufacture of safety goggles
13. Wet ground mica for use as a pigment in the manufacture of paints
14. Glass powder for the manufacture of abrasive paper and cloth
15. Nickel catalyst in the form of flakes using nickel powder or grains suspended in hydrogenated fat used in the manufacture of fish oil
16. Film ("Pukkafilm") used for the wrapping of cheese
17. Mixed filament (54 per cent) and spun rayon (46 per cent) plain dyed piece goods, under 6s. f.o.b. per pound by weight of material and under 5 ounces per square yard for the manufacture of shirts
18. Surface treated calcium carbonate for use in the manufacture of electric cables
19. Bituminized asbestos moulded spacer rings for the manufacture of domestic electric storage water heaters
20. "Albigen A" a non-ionic polymerization product, used exclusively in the textile industry for promoting a stripping effect on dyed textile fibres

Refund of duty on—

1. Woven rayon piecegoods and woven cotton piecegoods for the manufacture of bias binding and waistbanding for trousers for export
2. Steel-cable tape and spun kraft-paper string used in the manufacture of cables for export
3. Rayon material used in the manufacture of belt backing for export
4. Lissapol NX, for use in the manufacture of rayon pulp for export
5. Dry vitamin A powder, water miscible vitamin A, and injectable vitamin A used in the manufacture of animal feed supplements and nutritional products for export
6. Hessian for the packing of seaweed for export

Reduction in duty on—

1. Unassembled automatic chassis lubrication units
2. Technical sevin
3. Wrought steel pipe fittings in sizes up to and including one inch inside diameter
4. Containers of rubber and/or rubberized fabric for the transportation and/or storage of liquids and/or gases

Withdrawal of rebates on—

1. Imitation leather, leather cloth and materials similar to imitation leather or leather cloth; other piecegoods coated with preparations of cellulose derivatives or other plastic material; coated felt; coated bonded fibre fabrics; coated papers (i.e., paper coated with preparations of cellulose derivatives or other plastic material where provisions exist for the rebate of duty)
2. Textile cones for use in the textile industry where provisions exist for the rebate of duty

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

Taiwan

EXCHANGE RATE FOR TOURISTS ESTABLISHED—Business visitors and tourists to Taiwan may now have their foreign currencies exchanged at a rate of New Taiwan $40.00 to U.S.$1.00, under a ruling recently passed by the monetary authorities in Taiwan. Formerly, the rate was NT$36.38 per U.S.$1.00. This move means that visitors to Taiwan no longer have to exchange their foreign currency at the official exchange rate, and may now buy New Taiwan dollars at a rate more in line with the free market rate—Manila.

Venezuela

TOLERANCES IN PROVISIONS AND PRODUCTS FOR CONSUMPTION—The Venezuelan Ministry of Development's decree No. 2830, published in the *Official Gazette* of May 7, 1960, rules that the tolerance allowed between the net content declared on the container of a food product and the actual content is to be not greater than 2 per cent (more or less). The decree comes into force ninety days after the date on which it was announced.

In cases where homogenous series are to be examined, the margin of tolerance is only 1 per cent. When such tolerances cannot be maintained because of the specific character of the product, the Ministry has established a period of 60 days within which importers or manufacturers should apply for the designation of larger margins of tolerance, if this seems to be justified by the nature of the product—Caracas.

Index to *Foreign Trade*

The index to Volume 112 of Foreign Trade, *covering the issues from July 4, 1959, to December 19, 1959, has now been printed. Readers who wish to have copies should write to the Editor.*

Foreign Commercial Representatives in Canada

ARGENTINA

Washington—Economic Counsellor, Argentine Embassy, 1600 New Hampshire Avenue N.W.

AUSTRALIA

Ottawa—Commercial Counsellor, Australian High Commission, 100 Sparks Street.
Montreal—Australian Government Trade Commissioner, 1255 Phillips Square.
Vancouver—Australian Government Trade Commissioner, Suite 608, Burrard Bldg.

AUSTRIA

Ottawa—Embassy of Austria, Suite 401, 85 Range Road.
Calgary—Consulate of Austria, 31 Hollinsworth Bldg.
Halifax—Consulate of Austria, 6 Young Avenue.
Montreal—Consulate General of Austria, Suite 815-817 Castle Bldg., 1410 Stanley Street.
Toronto—Austrian Trade Delegate, Suite 616, 62 Richmond Street West.
Vancouver—Austrian Trade Delegate, 525 Seymour Street.
Winnipeg—Consulate of Austria, 54 Harrow Street.

BAHAMAS

Toronto—Trade Commissioner, Room 707, Victory Bldg., 80 Richmond Street West.

BELGIUM

Montreal—Consul General of Belgium, 709 Sun Life Bldg.
Toronto—Consul General of Belgium, Room 302, 11 Adelaide Street West.
Vancouver—Consul General of Belgium, Room 1432, 355 Burrard Street.

BOLIVIA

Montreal—Consul-in-Charge, Consulate General of Bolivia, 5559 Canterbury Avenue.

BRAZIL

Ottawa—Brazilian Embassy, 305 Stewart Street.
Montreal—Trade Commissioner, Brazilian Government Trade Bureau, Room 302, 400 St. James St. West.
Toronto—Trade Commissioner, Brazilian Government Trade Bureau, Suite 1006, 2 Carlton Street.

CHILE

Ottawa—Embassy of Chile, 56 Sparks Street.
Vancouver—Consul of Chile, 1575 West Sixth Avenue.

CHINA

Ottawa—Counsellor, Embassy of the Republic of China, 201 Wurtemberg Street.
Vancouver—Consul General of China, 510 Hastings Street West.

COLOMBIA

Ottawa—First Secretary and Consul, Suite 33, Roxborough Apts.
Montreal—Consul General of Colombia, 1572 Summerhill Avenue.
Toronto—Consul of Colombia, 67 Yonge Street.
Vancouver—Consul of Colombia, 1575 West Sixth Avenue.

COSTA RICA

Montreal—Consul General of Costa Rica, 4753 Lacombe Avenue.

CUBA

Montreal—Cuban Consul, Consulate General of Cuba, 1572 Summerhill Avenue.

CZECHOSLOVAKIA

Montreal—Commercial Section, Czechoslovak Consulate General, 640 Cathcart Street.

DENMARK

Ottawa—Royal Danish Embassy, 446 Daly Avenue.
Montreal—Consul General, Royal Danish Consulate General, Room 815, Keefer Bldg., 1440 St. Catherine Street West.
Toronto—Assistant Trade Commissioner, Royal Danish Consulate, 114-118 Danforth Avenue.

DOMINICAN REPUBLIC

Ottawa—Consul General of the Dominican Republic, 20 Bower Street.
Montreal—Consul General of the Dominican Republic, Apt. 4, 3201 Forest Hill Avenue.

ECUADOR

Montreal—Consul General of Ecuador, 1572 Summerhill Avenue.
Vancouver—Consul of Ecuador, 603 West Hastings Street.

EL SALVADOR

Montreal—Consul General of El Salvador, 4972 Victoria Avenue.

FINLAND

Ottawa—Attaché, Embassy of Finland, 85 Range Road.

FRANCE

Ottawa—Commercial Counsellor to the French Embassy, 464 Wilbrod Street.
Montreal—Commercial Counsellor of France, 2060 Mackay Street.
Toronto—Commercial Counsellor of France, 185 Bay Street.

GERMANY
Ottawa—First Secretary (Commercial Affairs), Embassy of the Federal Republic of Germany, 1 Waverley Street.
Montreal—Consulate General of the Federal Republic of Germany, 1501 McGregor Street.
Toronto—Consulate of the Federal Republic of Germany, 77 Admiral Road.
Vancouver—Consulate of the Federal Republic of Germany, National Trust Bldg., 325 Howe Street.
Winnipeg—Consulate of the Federal Republic of Germany, 424 Wellington Crescent.
Edmonton—Consulate of the Federal Republic of Germany, 11618 100th Avenue.

GREECE
Ottawa—Commercial Attaché (Honorary), Royal Greek Embassy, Suite 110, Chateau Laurier.

GUATEMALA
Montreal—Consul General of Guatemala, 3467 Wilson Avenue.

HAITI
Ottawa—Consul, Embassy of Haiti, 140 Slater Street.
Montreal—Consul of Haiti, 3449 Prudhomme Street.
Halifax—Consul of Haiti, 50 Sackville Street.

HONDURAS
Montreal—Consul General, Consulate General of the Republic of Honduras, 5407 Coolbrook Avenue.
Toronto—Vice Consul (Honorary), 3 Nashville Avenue, Apt. 18.

INDIA
Ottawa—First Secretary (Commercial), Office of the High Commissioner for India, 200 MacLaren Street.

INDONESIA
Ottawa—First Secretary (Commercial), Indonesian Embassy, 275 MacLaren Street.

IRAN
Ottawa—Second Secretary, Imperial Legation of Iran, Apt. 404, Sandringham Apartments.

IRAQ
Washington—First Secretary (Commercial), Embassy of the Republic of Iraq, 2135 Wyoming Avenue N.W.

IRELAND
Montreal—Irish Trade Representative (Irish Export Board), 2100 Drummond Street.

ISRAEL
Montreal—Consul of Israel (Commercial), 1555 McGregor Street.

ITALY
Ottawa—Commercial Counsellor, Embassy of Italy, 172 MacLaren Street.
Montreal—Vice Consul and Trade Commissioner, 1524 Summerhill Avenue.
Toronto—Italian Trade Commissioner, Suite 403, 34 King Street East.

JAPAN
Ottawa—First Secretary (Commercial), Embassy of Japan, Room 701, Metcalfe Bldg.
Toronto—Consulate of Japan, 180 University Avenue.
Vancouver—Consulate of Japan, 510 Hastings Street West.
Winnipeg—Consulate of Japan, 301 Tribune Bldg.

LEBANON
Ottawa—Embassy of Lebanon, Roxborough Apartments, Apt. 2, Laurier Avenue West.

LUXEMBOURG
Montreal—Consul General of the Grand-Duchy of Luxembourg, 4832 Western Avenue.

MEXICO
Ottawa—Embassy of Mexico, Room 706, 88 Metcalfe Street.
Montreal—Consul General of Mexico, Room 513, Castle Bldg., 1410 Stanley Street.
Toronto—Consulate of Mexico, Room 309, 20 Carlton Street.
Vancouver—Consulate of Mexico, Room 607, Burrard Bldg., 1030 W. Georgia Street.

MONACO
Montreal—Consul of Monaco, Suite 101, 4920 Western Avenue.

NETHERLANDS
Ottawa—Commercial Counsellor, Embassy of the Netherlands, 12 Marlborough Avenue.
Montreal—Netherlands Consulate General, 1103 Castle Bldg., 1410 Stanley Street.
Toronto—Netherlands Consulate General, 159 Bay Street.
Edmonton—Netherlands Consulate, Merit Bldg., 10008 106th Street.
Vancouver—Netherlands Consulate General, 475 Howe Street.

NEW ZEALAND
Montreal—New Zealand Trade Commissioner, Room 708, Prudential Assurance Bldg., 635 Dorchester Street West.

NICARAGUA
Montreal—Consul General, Consulate General of Nicaragua, 3435 Barclay Avenue.

NORWAY
Montreal—Consul General of Norway, Norwegian Consulate General, 1410 Stanley Street.

PAKISTAN
Ottawa—Commercial Secretary to the Pakistan High Comissioner, 505 Wilbrod Street.

PANAMA
Montreal—Consul General, Consulate General of Panama, 3553 Girouard Avenue.

PERU
Ottawa—Second Secretary, Embassy of Peru, 539 Island Park Drive.

PHILIPPINES

Vancouver—Trade Commissioner, Philippines Consulate, 615 West Pender Street.

POLAND

Ottawa—Commercial Counsellor to the Polish Legation, 362 Stewart Street.
Montreal—Commercial Section, Consulate General of Polish People's Republic, 1570 Pine Avenue West.

PORTUGAL

Ottawa—Embassy of Portugal, 285 Harmer Avenue.
St. John's—Consulate of Portugal, King's Bridge Court, Apartment 2E.
Halifax—Consulate of Portugal, P.O. Box 355.
Montreal—Consulate of Portugal, 4135 Sherbrooke Street West.
North Sydney—Consulate of Portugal, P.O. Box 769.
Saint John—Consulate of Portugal, 4 North Wharf.
Toronto—Consulate of Portugal, 159 Bay Street.
Vancouver—Consulate of Portugal, 1929 West Broadway.

SPAIN

Ottawa—Commercial Counsellor to the Spanish Embassy, 162 Daly Avenue.

SWEDEN

Ottawa—Secretary, Royal Embassy of Sweden, Suite 704, 140 Wellington Street.
Toronto—Trade Commissioner, Royal Consulate General of Sweden, 1057 Bay Street.
Vancouver—Trade Commissioner, Royal Consulate of Sweden, Dominion Bank Bldg., Room 914, 207 West Hastings Street.

SWITZERLAND

Ottawa—Counsellor of Embassy, Swiss Embassy, 5 Marlborough Avenue.
Montreal—Consul General of Switzerland, 1572 McGregor Street.
Toronto—Consul of Switzerland, 100 University Avenue.
Vancouver—Consul of Switzerland, 402 West Pender Street.
Winnipeg—Consul of Switzerland, 200 Bradburn Bldg., 269 Kennedy Street.

THAILAND

Toronto—Consul of Thailand, Suite 600, 199 Bay Street.
Vancouver—Consul of Thailand, 5416 Marguerite Street.

TURKEY

New York—Commercial Counsellor, Turkish Embassy, Empire State Bldg., 355 Fifth Avenue.

UNION OF SOUTH AFRICA

Ottawa—Commercial Secretary, Office of the High Commissioner for the Union of South Africa, 15 Sussex Drive.

UNION OF SOVIET SOCIALIST REPUBLICS

Ottawa—Commercial Counsellor, Embassy of the USSR, 24 Blackburn Avenue.

UNITED ARAB REPUBLIC

Ottawa—Commercial Secretary, Embassy of the United Arab Republic, Roxborough Apts., Apt. 62.

UNITED KINGDOM

Ottawa—United Kingdom Senior Trade Commissioner and Economic Adviser to the High Commissioner, 56 Sparks Street.
Edmonton—United Kingdom Trade Commissioner for Alberta and Northwest Territories, Imperial Bank Bldg., Jasper Avenue.
Halifax—United Kingdom Trade Commissioner for the Atlantic Provinces, 65 Spring Garden Road.
Regina—Office of the United Kingdom Trade Commissioner, Derrick Bldg., Room 207, 2431 11th Avenue.
Montreal—United Kingdom Trade Commissioner for Quebec, 635 Dorchester Boulevard West.
Toronto—United Kingdom Trade Commissioner for Ontario, 119 Adelaide Street West.
Vancouver—United Kingdom Trade Commissioner for British Columbia and Yukon Territories, Bank of Nova Scotia Bldg., 602 West Hastings Street.
Winnipeg—United Kingdom Trade Commissioner for Manitoba, Saskatchewan, and Northwest Ontario, 504 Main Street.

UNITED STATES

Ottawa—Commercial Attaché, Embassy of the United States, 100 Wellington Street.
Calgary—Consul of the United States, 501 Toronto General Trusts Bldg.
Edmonton—Consul of the United States, 214 Empire Block.
Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.
Montreal—Consul General of the United States, 1558 McGregor Avenue.
Quebec—Consul of the United States, 1 Ste. Genevieve Avenue.
Saint John—Consul of the United States, 206 Union Street.
St. John's—Consul General of the United States, King's Bridge Road.
Toronto—Consul General of the United States, 360 University Avenue.
Vancouver—Consul General of the United States, Burrard Bldg., 1030 W. Georgia Street.
Windsor—Consul of the United States, Canada Trust Bldg.
Winnipeg—Consul General of the United States, 402 Tribune Bldg.

URUGUAY

Ottawa—Chargé d'Affaires a.i., the Roxborough Apts., Apt. 32

VENEZUELA

Ottawa—Commercial Attaché, Embassy of Venezuela, Roxborough Apts., Apt. 21.
Halifax—Consul of Venezuela, Roy Bldg., Barrington Stret.
Montreal—Consul General of Venezuela, 2052 St. Catherine Street West.
Toronto—Consul of Venezuela, 8 King street East, Apt. 508.
Vancouver—Consul of Venezuela, 525 Seymour Street.

THE WEST INDIES, BRITISH GUIANA, AND BRITISH HONDURAS

Montreal—Commissioner for The West Indies, British Guiana, and British Honduras, Suite 200, 1210 Sherbrooke Street West.

YUGOSLAVIA

Ottawa—Embassy of the Federal People's Republic of Yugoslavia, 17 Blackburn Avenue.
Toronto—Consul General of the FPR of Yugoslavia, 377 Spadina Road.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.017812.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 6	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01188	84.17	(1)
Austria	Schilling		.03783	26.43	
Australia	Pound		2.2024	.4540	
Bahamas	Pound		2.7530	.3632	
Belgium, Belgian Congo and Luxembourg	Franc		.01971	50.73	
Bermuda	Pound		2.7530	.3632	
Bolivia	Boliviano	Free	.00008600	11,627.91	
British Guiana	Dollar		.5735	1.74	
British Honduras	Dollar		.6882	1.45	
Brazil	Cruzeiro	General Category*	.004164	240.12	*May 24 (2)
		Special Category	.002209	452.59	
		Official selling	.05192	19.26	(3)
Burma	Kyat		.2063	4.85	
Ceylon	Rupee		.2065	4.84	
Chile	Escudo	Free	.9339	1.07078	(4)
Colombia	Peso	Certificate	.1466	6.82	
Costa Rica	Colon	Official	.1750	5.71	
		Controlled free	.1477	6.77	
Cuba	Peso		.9825	1.017812	tax 2%
Czechoslovakia	Koruna		.1364	7.33	
Denmark	Krone		.1422	7.03	
Dominican Republic	Peso		.9825	1.017812	
Ecuador	Sucre	Official	.06550	15.27	
		Free	.05746	17.40	
Egyptian Region, United Arab Rep.	Pound	Official	2.8213	.3544	
		Export account selling	2.3875	.4188	
El Salvador	Colon		.3930	2.54	
Fiji	Pound		2.4802	.4032	
Finland	Markka		.003070	325.73	
France, Monaco, etc.	New Franc		.2005	4.99	(5)
French colonies	Franc		.004010	249.38	(6)
French Pacific	Franc		.01103	90.66	(7)
Germany	D Mark		.2356	4.24	
Ghana	Pound		2.7530	.3632	
Greece	Drachma		.03275	30.53	
Guatemala	Quetzal		.9825	1.017812	
Haiti	Gourde		.1965	5.09	
Honduras	Lempira		.4913	2.03	
Hong Kong	Dollar	Free*	.1701	5.88	*May 27
		Official	.1721	5.81	
Iceland	Krona	Official	.02586	38.67	(8)
India	Rupee		.2065	4.84	
Indonesia	Rupiah	Official	.02183	45.80	(8)
Iran	Rial		.01297	77.10	
Iraq	Dinar		2.7510	.3635	

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*Latest available quotation date.

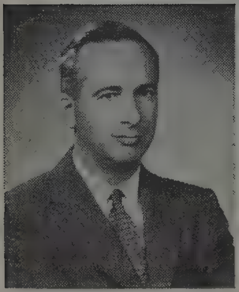
Country	Unit	Type of Exchange	Can. dollar equivalent June 6	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7530	.3632	
Israel	Pound		.5458	1.83	
Italy	Lira		.001583	631.71	
Japan	Yen		.002729	366.43	
Lebanon	Pound	Free	.3086	3.24	
Mexico	Peso		.07860	12.72	
Netherlands	Florin		.2606	3.84	
Netherlands Antilles	Florin		.5251	1.90	
New Zealand	Pound		2.7530	.3632	
Nicaragua	Cordoba	Effective buying	.1488	6.72	
		Official selling	.1395	7.17	
Norway	Krone		.1377	7.26	
Pakistan	Rupee		.2065	4.84	
Panama	Balboa		.9825	1.017812	
Paraguay	Guarani	Official	.008053	124.18	
Peru	Sol	Certificate	.03576	27.96	
Philippines	Peso		.4913	2.03	
Portugal & Colonies	Escudo		.03429	29.16	(9)
Singapore and Malaya	Straits Dollar		.3212	3.11	
Spain and Dependencies	Peseta		.01637	61.07	
Sweden	Krona		.1900	5.26	
Switzerland	Franc		.2277	4.39	
Syrian Region, United Arab Rep.	Pound	Free	.2747	3.64	
Thailand	Baht	Free	.04648	21.51	(8)
Turkey	Lira		.1092	9.16	(8)
Union of South Africa	Pound		2.7530	.3632	
United Kingdom	Pound		2.7530	.3632	
United States	Dollar		.9825	1.017812	
Uruguay	Peso	Free	.08607	11.62	(10)
Venezuela	Bolivar		.2933	3.41	
West Indies Fed.	Dollar		.5735	1.74	(11)
	Pound		2.7530	.3632	(12)
Yugoslavia	Dinar	Official	.003275	305.34	(8)
		Settlement rate	.001554	643.26	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Trade Commissioners on Tour


A. P. Bissonnet

B. C. Butler

R. M. Dawson

R. E. Gravel

H. S. Hay

B. A. MacDonald

K. Nyenhuis

M. T. Stewart

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

A. P. BISSONNET, Commercial Counsellor in Stockholm, Sweden:

Winnipeg—June 20
Vancouver—June 22-29
Montreal—July 4-8

B. C. BUTLER, Minister (Commercial) in London, England:

Montreal—June 15-30
Ottawa—July 4-15

R. M. DAWSON, Assistant Trade Commissioner in Guatemala City, Guatemala:

Vancouver—June 20-25

When he completes his tour and leave, Mr. Dawson will be transferred to Manila, the Philippines, as Vice Consul and Assistant Trade Commissioner.

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela:

Vancouver—July 11-14
Winnipeg—July 20-21
Toronto—July 25-Aug. 5
Ottawa—Aug. 7-12
Montreal—Aug. 14-25
Quebec—Aug. 26-27

When he completes his tour and leave, Mr. Gravel will be transferred to Hamburg, West Germany, as Consul.

H. S. HAY, Assistant Commercial Secretary in Sydney, Australia:

Ottawa—June 19-

When he completes his tour and leave, Mr. Hay will be transferred to Caracas, Venezuela, as Assistant Commercial Secretary.

B. A. MACDONALD, Commercial Counsellor in New Delhi India:

Ottawa—July 4-8
Montreal—July 11-15
Quebec City—July 18
Thetford Mines—July 19

When he completes his tour and leave, Mr. MacDonald wil be transferred to Athens, Greece, as Commercial Counsellor

K. NYENHUIS, Trade Commissioner in Leopoldville, Belgia Congo:

Vancouver—July 4-6
Winnipeg—July 7-8
Toronto—July 11-20
Hamilton—July 21-22
Montreal—July 25-Aug. 5
Granby—Aug. 8
Quebec—Aug. 9
Saint John, N.B.—Aug. 11-12

When he completes his tour and leave, Mr. Nyenhuis wil be transferred to Copenhagen, Denmark, as Commercia Counsellor.

M. T. STEWART, Commercial Counsellor in Madrid, Spain

Montreal—June 16-23
Quebec—June 27

Businessmen who wish to see these officers should get i touch with the Board of Trade or Chamber of Commerce i the cities mentioned, with the following exceptions. In Toront Winnipeg and Edmonton, the Trade Commissioners mak their headquarters at the offices of the Canadian Manufacture Association; in Windsor, Ontario, at the offices of the Great Windsor Industrial Commission; in St. John's, Ottawa an Vancouver, at the Department of Trade and Commerce; i Victoria, at the Department of Trade and Industry, and i Fredericton at the Department of Industry and Developmen

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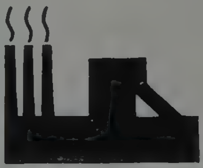

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WESTERN EUROPE—A YEAR OF RECOVERY

Established in 1904

foreign trade

OTTAWA, JULY 2, 1960 Vol. 114, No. 1

cover The coats-of-arms of sixteen European nations introduce our annual review of business conditions, trade, and trading prospects in Western Europe in 1959 and early 1960. Austria appears top left, the other countries follow alphabetically, column by column, top to bottom, ending with Yugoslavia. For an analysis of Canada's trade with Europe, turn to page three.

3 **Canada's Trade with Western Europe** . . . *a brief look at the 1959 trading performance and 1960 prospects in sixteen European countries.*

Business Conditions in:

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43 **European Trading Arrangements** . . . *a look at the steps the Six and the Seven have taken in the past few months and at those still to come.*

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C A N A D A

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Return of prosperity to Western Europe apparent in increased production, more active foreign trade. Canadian exports to the area, down in 1959, are again rising. Formation of regional trading blocs constitutes new challenge.

ANADA'S TRADE WITH WESTERN EUROPE

JOHN E. LANCASTER,
European Division, International Trade Relations Branch.

WESTERN EUROPE'S remarkable economic revival is apparent in fine new buildings, well-stocked shops, and streets crowded with motor vehicles. Expanding production following the recovery from the recession of 1957-58 increased the gross national product of these countries by 4 per cent and industrial production by 7 per cent in 1959. The expansion is soundly based. Prices have remained reasonably stable; growing foreign exchange reserves have eased balance-of-payments problems; most Western European currencies are freely convertible; quantitative restrictions in many categories have been removed; discrimination against dollar imports has ended in many European countries. The freeing of some European capital markets and increased North American investment in the area are further evidences of prosperity.

In spite of these solid accomplishments, a sizable percentage of imports into the Western European countries remains subject to restrictions. Protectionism is particularly evident in the agricultural field. The effort to secure trade and economic wellbeing in Europe has brought to birth regional trade groupings—the European Economic Community (EEC) and the European Free Trade Association (EFTA). Canada, as an interested third country, stands to gain and to lose much through these developments and it is in her interests that the exclusive trade features of these groups should not result in an extension of commercial rivalry and discrimination. These important matters are examined in more detail on page 45.

Liberalization measures and Europe's new-found prosperity have combined to offer excellent trade prospects to Canadian exporters. In the first four months of 1960, Canadian sales to Western Europe and Yugoslavia rose about 18 per cent to $152 million from $129 million during the same period last year. During 1959 Canadian exports to Europe reached $460 million. In the previous year, they totalled $556 million, including military aircraft valued at $82 million. No military aircraft were exported in 1959 and this accounted for most of the difference, although wheat and flaxseed also declined.

European sales to Canada in 1959 were valued at $375 million, up from $316 million in 1958. This increase was most evident in motorcar imports, which rose to $39 million from $27 million; West Germany, France and Italy were the major suppliers, in that order. Europeans also found an increased market in Canada for a wide range of capital and consumer goods.

Major Canadian exports to Europe continue to be non-ferrous metals, wheat, flaxseed, rapeseed, rye, barley, asbestos fibres, wood pulp and pulpwood, newsprint, hides and skins, outboard motors, synthetic rubber, and certain other raw and semifabricated commodities. Chief Canadian imports from Europe in addition to motor vehicles include iron and steel products, textiles and other manufactured goods.

Markets Summarized

The prospects for trade between Canada and the individual countries of Western Europe are summarized in the following paragraphs.

Austria—Although Austria's total imports have been rising faster than her exports and monetary reserves have thus declined moderately, the Austrian economy is healthy. Discrimination against dollar imports in favour of the OEEC countries has been largely eliminated and further steps are planned. Wheat and other grains were recently placed under state-trading arrangements. It is not expected that the new arrangements will affect future Canadian trade adversely, though wheat sales in the first quarter of

CANADIAN TRADE WITH WESTERN EUROPE

Country	Exports 1959	1958	1957	Imports 1959	1958	1957
	(millions of Canadian dollars)					
Austria	8.4	7.5	6.7	5.8	4.8	4.4
Belgium-Luxembourg	56.2	69.7	60.4	45.1	36.0	44.0
Denmark	5.6	5.0	3.5	9.5	7.8	8.6
Finland	2.8	2.3	0.9	0.9	0.6	0.5
France	43.6	45.2	57.5	58.2	41.1	36.2
Greece	4.0	4.7	4.1	0.4	0.4	0.5
Ireland	8.2	8.7	8.3	2.1	1.4	1.2
Italy	32.2	29.9	62.8	38.4	32.8	33.0
Netherlands	54.1	75.0	69.8	31.0	29.5	25.4
Norway	62.5	56.0	55.5	4.2	3.2	3.1
Portugal	3.1	2.3	2.6	3.0	3.0	2.7
Spain	6.2	6.7	5.9	5.7	6.7	5.6
Sweden	15.0	11.0	12.1	18.3	14.1	15.6
Switzerland	26.0	29.5	25.0	25.0	27.0	24.7
West Germany	129.6	201.9	151.9	126.6	106.0	97.6
Yugoslavia	2.6	0.2	0.2	0.6	0.8	0.6
Total	460.0	555.6	527.2	374.8	315.5	303.7

1960 declined substantially. At the same time, sales of certain industrial raw materials are increasing. In 1959 Canadian exports to Austria rose moderately.

Belgium-Luxembourg—The Belgo-Luxembourg Economic Union has recovered from the recent recession somewhat more slowly than its neighbours, but the Union's economy is sound and industrial production has increased. However, coal marketing remains a major problem. Exports are at a high level and expanding. Canadian sales to Belgium declined substantially in 1959 compared with 1958, largely because 1958 exports were inflated by sales of military aircraft; 1960 figures point to a sales recovery.

Denmark—The Danish economy has been experiencing a high level of activity and the increased internal demand has led to rising imports. The Danish Government on March 1, 1960, introduced new liberalization measures that placed most imported commodities on the free list. At the same time, however, certain tariff rates were increased. Nevertheless, it is expected that purchases from Canada, which rose slightly in 1959, will be maintained or even expanded.

Finland—The Finnish economy is enjoying unparallelled prosperity. Industry is expanding and though imports are rising somewhat faster than exports, foreign exchange reserves have increased. Imports from Canada and the United States are being accorded equal treatment with those from the OEEC countries effective January 1, 1960. Opportunities for certain Canadian exports have been enhanced—particularly for steel, outboard motors, sparkplugs, medicinal preparations, fresh apples and forage crop seeds.

France—Progressive relaxation of import restrictions has coincided with a growing strength in the French economy and in its international competitive position. Both capital investment in France and exports have increased substantially. During 1959, French exports to Canada exceeded imports for the first time but prospects for Canadian sales have improved, thanks to the new liberalization measures. This is borne out by the much larger Canadian sales in the first three months of 1960.

Greece—Greece has introduced a new Five-Year Plan (1960-64), which, with the help of foreign capital, is designed to expand production and strengthen the economy. A new customs tariff provides for increased rates of duty for certain agricultural commodities, synthetic textiles, shoes and some industrial products, and for decreased rates on selected raw materials and equipment for industry. A slight decline in Canadian sales in 1959 continued during the first three months of 1960.

Ireland—Ireland experienced a reasonably good year in 1959 and the outlook is promising. Although it is still primarily an agricultural economy, industrialization is proceeding apace. Commodity imports exceeded exports in 1959 but the balance of payments showed a surplus because of earnings from the tourist trade, investments, and other invisibles. Although Canada enjoys a preferred position in the Irish market, sales fell slightly in 1959 and sharply in the first four months of 1960.

Italy—The Italian economy is flourishing. This is revealed in the current holdings of gold and foreign exchange which now total some $3,200 million, the third highest in the free world, after the United States and Germany. Industry in particular is booming and Italian exports reached a new high in 1959. In view of this progress Italy has removed many import restrictions, although discrimination against dollar imports of some agricultural and other commodities remains. Canadian exports to Italy increased in 1959 and in the first quarter of 1960. With the new liberalization measures and economic progress in Italy, this rise should continue.

Netherlands—The Netherlands economy is buoyant and industrial production has been expanding. The country's favourable economic and geographical position and its membership in the EEC have encouraged a growth in foreign investment in Dutch industry. Both imports and exports increased in 1959 and this trend is continuing; the greatest part of Dutch trade is carried on with other Western European countries. Canadian exports which fell in 1959 largely because of a drop in wheat sales are again on the rise, with an improvement in sales of wheat and of industrial raw materials and semifabricated goods, such as asbestos, iron ore, pulpwood, aluminum, and synthetic rubber.

Norway—Although industrial expansion has levelled off, there is no slackening in over-all economic activity. Exports have increased and the current payments deficit has decreased. Some Canadian agricultural exports are limited by quantitative restrictions and manufactured goods will face increased competition when tariffs among EFTA countries are removed. But because the bulk of Canadian exports consists of industrial raw materials, particularly non-ferrous metals, sales should be sustained and probably increased by the rapid growth of the European economy.

Portugal—The Portuguese economy, although it did not experience the boom common to most Western European countries, nevertheless achieved a 3 per cent increase in production last year. Successive six-year plans have guided the economy to expanded industrial production and away from an over-dependence on agriculture. Visible trade has been in deficit in recent months, but exports have risen faster than imports. Membership in EFTA may encourage and accelerate economic expansion. Canadian exports to Portugal and to the overseas provinces and colonies increased in 1959 over 1958. During the first three months of 1960 this rise continued, with emphasis on sales of salt cod and certain aluminum products.

Spain—On July 20, 1959, the Spanish Government introduced a stabilization program which in effect reoriented the Spanish economy towards multilateral and away from bilateral trade. In line with this policy, imports of a wide range of commodities have been liberalized or placed under global quotas. The Spanish economy is not as buoyant as those of other Western European countries, but industrial production is increasing. Government loans are stimulating industry and the over-all balance of payments in recent months has continued in Spain's favour. Canadian exports, which dropped slightly in 1959, increased in the first quarter of 1960. Prospects for larger sales are promising because of the liberalization measures Spain has adopted.

Sweden—There was a marked upswing in the Swedish economy in 1959. Industrial production is increasing and high export earnings are contributing to foreign exchange reserves. For the first time in six years, the Swedish balance of payments was in surplus. Canadian exports to Sweden in 1959 substantially exceeded those of the previous year and increased again in the first three months of 1960. Because Canadian exports to Sweden consist largely of primary agricultural products and industrial materials, they should not be adversely affected by Sweden's membership in EFTA.

Switzerland—The Swiss economy in 1959 made outstanding progress which has continued into the new year. Foreign trade has expanded and increased exports have stimulated the economy. Imports, mainly from other European countries, have expanded. Imports from Canada declined somewhat in 1959 but have risen this year. Switzerland has no foreign exchange problems nor discriminatory restrictions against dollar imports.

West Germany—The current prosperity in West Germany has brought with it inflationary tendencies and the monetary authorities have tightened credit. Though output is still rising, the rate of expansion is slower. Substantial foreign orders for capital equipment were received during 1959. The German foreign exchange position is very strong as a result of the large surplus and a decline in both private and public capital exports. Canadian exports to Germany fell substantially in 1959, largely because 1958 sales of military aircraft were not repeated; however, recent statistics reveal a significant recovery.

Yugoslavia—A good harvest and greater industrial production brought a 16 per cent rise in the gross national product. Exports, especially to Eastern Europe, expanded, with industrial goods well in the lead and agricultural products down; imports held steady. Canadian sales went up sharply last year because of substantial shipments of aluminum. However, a shortage of foreign exchange and the Yugoslav interest in bilateral trading arrangements makes this a restricted market for the Canadian supplier.

The Outlook

The substantial increase in Canadian exports to Europe in the early months of the present year indicates that Canadians are reaping the benefit of Europe's prosperity and trade liberalization. The short-term outlook suggests a continuation of this favourable trend. Nevertheless, a number of uncertainties should not be overlooked. Restrictive practices continue, particularly in the agricultural sector. Europe's ability to compete is spreading to a wider range of manufactured goods as well as some industrial materials of the type that Canada produces. Tariff discrimination expected to arise in the EEC and the EFTA could affect our trade prospects. At the same time, domestic consumption in Europe is increasing, living standards are rising, and industrial capacity and production are expanding. These factors point to the creation of new market opportunities for Canadians. ●

Austria

Austria has shared in European business upturn; production has risen and export trade revived. Canadian shipments up 10 per cent and import liberalization has widened opportunities.

H. K. ROTT, *Office of the Commercial Counsellor, Vienna.*

BOOM conditions have returned to Austria after a slowdown in the latter part of 1958 and in the first quarter of 1959. Business was particularly brisk in the second half of 1959 and this is continuing in 1960; in fact, the economy is showing signs of overstrain. Restrictive fiscal and monetary measures were put into effect this spring in an attempt to head off inflation. It is generally expected, however, that Austria will be able to maintain its present prosperity without any undue rise in prices and wages throughout the current year.

The gross national product reached a new record of Sch.134.6 billion* (approximately Can.$5.2 billion) in 1959, 6.2 per cent above the preceding year. The real increase, calculated at 1958 prices, amounted to 3.8 per cent. That this fell far short of the 10 per cent annual increases achieved in the mid-fifties was basically the result of three developments: a relatively slow start at the beginning of the year, a high degree of employment which made growth largely dependent on more efficient production, and an exceptionally poor harvest because of unfavourable weather. This third factor proved fairly serious.

In terms of physical volume, agriculture produced 7 per cent less than in 1958. Potatoes, fruits and vegetables were primarily affected and livestock production, which increased during the year, failed to make up for the loss. The bread grain crop rose 6 per cent over 1958 because of larger acreage and a higher yield, but prolonged rainfall caused damage during the harvest and part of the crop was only suitable for animal feed.

Industrial Output Up

Industrial production increased by 4.4 per cent in volume, roughly twice as much as in 1958. The various branches of industry, however, did not make uniform progress. The largest increases were registered by the metal foundries (13 per cent), the electrical appliances industry (12 per cent), the leather and shoe industry (11 per cent), the building materials industry (7 per cent), and the chemical industry (7 per cent). The magnesite and textile industries, which were hit hardest by the slowdown early in the year, recovered in the second half of 1959. Only the mining and engineering industries derived no benefit from the general revival of business.

Construction companies remained completely unaffected by the slowdown. They continued to have a considerable backlog of orders and by extending the building season into spring and fall, they managed a 6 per cent increase in construction over 1958.

Wholesale prices increased by 2.9 per cent and retail prices by only 1.4 per cent. The wage bill was 7 per cent larger than in 1958, not so much as a result of increased employment but because the 45-hour week was introduced early in the year on the basis of unchanged take-home pay and many wage-earners continued to work a 48-hour week. That real wages again increased found tangible though modest expression in a greater demand for automobiles, television sets and various electrical appliances.

Stimulated by the upturn i
business activity and, to a lesse
extent, by the shorter workin
hours, the labour force grew by 1.
per cent to 2.23 million. The average rate of unemployment sank from
5.3 in 1958 to 4.8 per cent in 1959
During the summer months a
acute shortage of labour developed
particularly in the construction an
tourist industries. Seasonal layoff
in these two industries are primaril
responsible for the fairly high winte
unemployment.

The favourable development o
the economy resulted to a considerable degree from increases in consumption and investment. The volume of private consumption rose b
5 per cent, public consumption b
3.6 per cent, and gross investmen
by 4.3 per cent. Government spending played a significant role and th
budget deficit of Sch.4 billion stimulated business.

Export Trade Revives

Nevertheless the world-wide recovery was probably the prim
cause of the growth in Austria
production because it led to a revival of exports which in turn gav
businessmen new confidence. Thi
is not surprising, because betwee
25 and 30 per cent of Austria'
gross national product normally i
exported. In 1959 exports increase
by 5.4 per cent in value to Sch.25.
billion, compared with a 6 per cen
decrease in 1958. The boom als
stimulated imports, which rose b
6.6 per cent in value to Sch.29.
billion (in 1958 they declined 5 pe
cent). Net income from invisibles
in particular from the tourist trade
made up for the deficit in commodity trade. On the other hand
the large surplus in the capita
accounts section of the balance o
payments in 1958 was not repeate
because capital imports decline
and fairly large repayments o
foreign loans took place. The balance of payments had an over-al
surplus of Sch.749 million in 1959
which meant a further rise i
Austria's substantial gold and foreign exchange reserves. When a

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*One Austrian schilling equals Can.$ $0.03783.

outflow of reserves occurred this spring, monetary authorities showed little concern because they felt that it would be temporary.

Trade Patterns

The structure of Austria's foreign trade has changed little in recent years. In 1959, following the pattern since 1950, foodstuffs and raw materials accounted for approximately 40 per cent of total imports and semi-finished and finished goods for the remainder. On the export side, fully finished capital or consumer goods and semi-processed raw materials made up 70 per cent of exports and foodstuffs and industrial raw materials the remaining 30 per cent. In 1959 the most important imports were machines, tools, coal, passenger cars, iron and steel, fresh fruit, wool and cotton. The leading exports were products of the iron and steel industry, lumber, engineering equipment, instruments, pulp and paper, cellulose, textile products and glassware, in that order.

In spite of the establishment of the European Economic Community, the geographical distribution of Austria's foreign trade showed only a moderate change in 1959, partly because some of the tariff reductions instituted by EEC countries on January 1, 1959, were made applicable to all GATT members. Although there was an absolute increase of exports to EEC countries, shipments declined relatively from 50 per cent of Austria's exports in 1958 to 49.4 per cent in 1959. Sales to members of the European Free Trade Association, to which Austria belongs, increased from 12.3 per cent of total exports in 1958 to 13.2 per cent in 1959. The total volume of sales to EFTA countries is still fairly small but Austrians feel encouraged because exports to this area are rising, even though no tariff reductions within the EFTA group have yet taken place. Exports to Eastern European countries also showed a relative increase from 15.2 per cent in 1958 to 16 per cent in 1959.

Imports from EEC countries rose absolutely and relatively, largely because of West German sales efforts in Austria. The share of the EEC countries in the Austrian market increased from 56.7 per cent in 1958 to 59.5 per cent in 1959. This trend is likely to be reversed once tariff reductions within the European Free Trade Association take place. Imports from the EFTA countries increased relatively from 15.4 per cent of total imports in 1958 to 16 per cent in 1959.

Chief Trading Partner

Austria's most important trading partner continued to be West Germany. In prewar years only about 15 per cent of Austria's imports came from Germany but in 1959 the figure was slightly more than 40 per cent. West Germany was also Austria's best customer, purchasing 26.5 per cent of its exports. For any exporter interested in the Austrian market, West Germany is the competitor to reckon with. Most consumer goods imported by Austria from abroad, including such durable ones as automobiles and electrical appliances, originate there. Italy was Austria's second most important trading partner, but its position vis-à-vis Austria was exactly the reverse of Germany's: it supplied Austria with only 7.9 per cent of its imports and purchased 16.5 per cent of its exports. Austria's imports from the United States have fallen off steadily in recent years, largely because of smaller purchases of coal, cotton, corn and tobacco. In 1959 imports from the United States amounted to only 10.2 per cent of total imports; exports to the United States increased from 5.2 per cent of the total in 1958 to 6.6 per cent in 1959. The United States, which for years was second to West Germany among exporters to Austria, held fifth place in 1959 and now ranks third among Austria's customers.

Canadian-Austrian Trade

Canadian trade with Austria, though still modest, developed well in 1959. Canadian exports to Austria rose in volume by 10.7 per cent and totalled, according to DBS figures, $8,345,756. Imports from Austria, on the other hand, rose by 22.2 per cent and totalled $5,852,207. Austria still showed a trade deficit vis-à-vis Canada but it was smaller than in previous years.

The composition of Canada's exports to Austria in 1959 is of some interest. Canadian wheat, which is held in high regard, constituted only 24.4 per cent of exports to Austria in 1959 against 35.2 per cent in 1958. Exports of molybdenite more than trebled and last year were, after wheat, the most important commodity. Canadian nickel was again in greater demand, but drugs and chemicals dropped almost 50 per cent. Shipments of asbestos were only slightly smaller than in 1958 and U.S.S.R. competition was felt less keenly than in previous years. Exports of medicinal preparations, bookkeeping machines, and edible meat offal were quantitatively less important but showed gratifying increases in 1959. For the first time last year, Austria purchased a little more than $200,000 worth of tobacco from Canada. On the whole Canada's exports to Austria were more diversified than in 1958 and this fact, plus our success in obtaining a relatively larger share of the Austrian market in recent years, holds promise for the future.

Liberalization Continues

After considerable delay Austria published a new dollar liberalization list in October 1959. Quantitative import restrictions were removed from a fairly large number of durable and non-durable consumer goods. There still remained, however, a slight degree of discrimination between imports from dollar countries and from OEEC countries. On May 24, 1960, the Austrian Government resolved to eliminate these remnants of discrimination and it is understood that this new measure, which will affect primarily certain imports of textiles, will come into effect shortly, when an addition to the dollar liberalization list is published.

Certain capital and consumer goods, as well as a number of raw materials which are available or produced in Austria, remain subject to quantitative import restrictions. It is difficult at this time to predict whether this hard core of restrictions which apply to all countries will also be lifted in the foreseeable future.

Earlier this year Austria eliminated certain grain imports from the products to be considered for liberalization by extending state control over grain imports and consequently deliberalizing them. Canada is not directly affected by this measure because Canadian grain exports to Austria have so far consisted only of wheat, which has always been subject to a certain measure of government control.

Outlook

Austrian experts are confident that 1960 will be at least as prosperous as 1959. Already there are signs of a boom leading to considerable inflationary pressures. The Minister of Finance has consequently stopped the floating of new government-backed loans and the National Bank, by requiring commercial banks to keep higher minimum reserves and by increasing the bank rate from 4.5 to 5 per cent, is attempting to curb monetary expansion not justified by economic growth.

For the time being, Canada's position in the Austrian market appears assured. Canadian goods are becoming better known and quantitative import restrictions have been removed on many products of interest to Canadian exporters. For this reason alone, Canada should be able to assume a relatively more important rôle among suppliers to Austria. The danger that tariff discrimination might affect Canadian exports to Austria is not great at present because most exports are subject either to relatively low duties or duty-free. It is true, however, that it may become increasingly difficult to create interest in fully manufactured Canadian capital or consumer goods, which even now are frequently not competitive with supplies from Austria's neighbours often because of high transportation costs. ●

Belgium

Business is slowly picking up in Belgium; exports and imports are rising, though the trade deficit grows. Expansion of Canadian trade looks best in industrial raw materials; competition is stiff in selling finished goods.

L. H. AUSMAN, *Commercial Counsellor, Brussels.*

BELGIUM is situated in the industrial heart of Europe. Lying between France and Germany, its location is as strategic today as it was in the Middle Ages, when Bruges and Ghent sat squarely astride important medieval trade routes. It forms, with the Netherlands and Luxembourg, the Benelux Customs Union—a forerunner of the European Common Market.

With no industrial raw materials except coal but with abundant skilled labour, Belgium has based its economy on the manufacturing industries. The most important are iron and steel, machinery and equipment, textiles, glass and chemicals. Belgium exports 40 per cent of its production and imports nearly all of its raw materials and one-third of its food.

Economy Strengthens Slowly

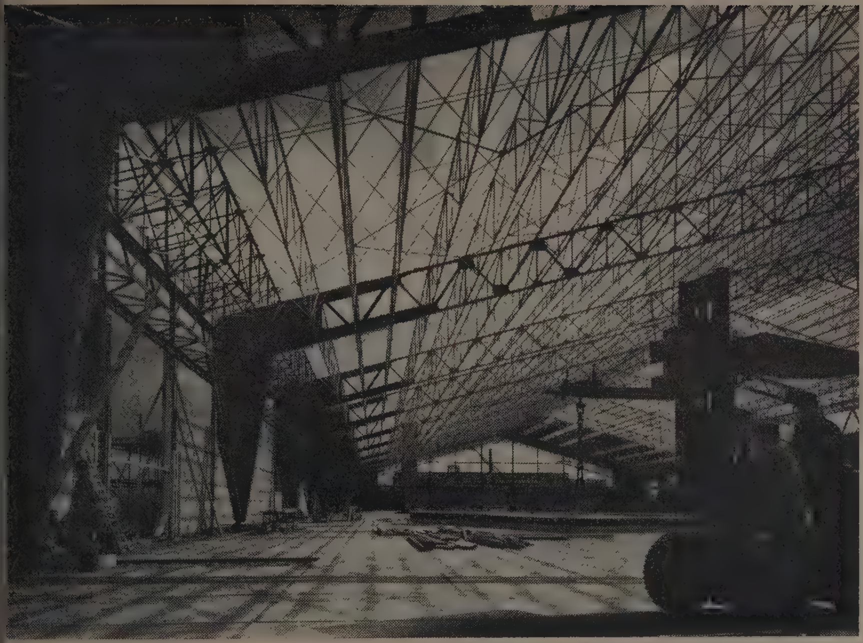
In general, Belgium's economy is sound and this is evident in most sectors. Business and industry expanded rapidly immediately after the war, but recovery from the recent recession has been slower than that of other Common Market countries. The 1959 index of industrial production stood at 119.1 (1953=100). This was 3.6 per cent higher than in 1958, but it lagged behind the advance for the European Economic Community as a whole (6.8 per cent). Equivalent figures are: the Netherlands 11.5 per cent, Germany 8.0 per cent, and the United Kingdom 6.2 per cent.

Unemployment, though somewhat lower than last year, continues to cause concern and was aggravated by the closing of a number of unproductive coal mines. It affects about 5 per cent of the working population of 3.5 million, and 9 per cent of those insured.

The Coal Problem

Coal is the basis of the industrial structure and the industry has weakened seriously in recent years. In weighing this factor, however, it should be noted that coal production in Belgium is almost the same as that of France, which has a population five times as large. The coal crisis therefore weighs much more heavily on Belgium, and the absorption of workers who are compelled to leave the mines places a strain on each community.

Under pressure from the European Coal and Steel Community 30 pits were closed in 1958 and 1959 and plans have been drawn up for further cutbacks in production of 9.5 million tons of coal by 1963. Output, which in 1958 totalled 27 million tons, dropped to 22.8 million tons last year when pithead



The aluminum extrusions, plate and sheet used in this warehouse going up in Belgium were fabricated from Canadian aluminum metal. Last year we sold over four million dollars worth of aluminum to Belgian customers.

stocks stood at 7.5 million. It is anticipated, however, that part of the planned reduction will be offset by higher yields from more efficient mines.

To ease distress and assist in readjustment, the Belgian Government, with appropriate aid from the Coal and Steel Community, has set aside funds for occupational resettlement of miners and will subsidize certain mines not being closed. The ECSC has also authorized restriction of imports from the Community and third countries and pithead stocks have been frozen.

Other Industries

The steel industry is prosperous; production in March reached 24,250 tons a day, compared with the 1959 average of 19,914. Following a drop in the early months of this year, export prices are becoming more stable.

Activity is quickening in such diverse industries as metalworking, chemicals, glass, paper, building materials and construction, though there are indications of a possible decline in public works and other building programs. An expected revival in textiles has, however, not materialized; production has risen over a year ago, but more slowly than at the end of 1959. Prices have dipped slightly.

Agriculture plays an important part in the economy, employing over one million workers. Three-quarters of this employment is seasonal and many of the workers are market gardeners and smallholders farming land of less than 2½ acres on a part-time basis. Less than 2 per cent of the total farm area is composed of establishments of over 50 acres. Farmers therefore lack the benefits of large-scale operation and farm incomes are precarious and relatively low. Last year's drought caused some distress which necessitated government assistance.

Trade Deficit Grows

Domestic sales are fairly satisfactory but the most powerful stimulus has come from exports. At the beginning of 1960 exports were running 27.3 per cent higher than a year before and 13.4 per cent above the average for the whole of 1959. Imports also rose some 18 per cent above the previous year.

For statistical purposes the trade of Belgium and Luxembourg is combined. Principal customers and suppliers are shown in Table I.

The reader will note that Canada supplied 1.3 per cent of Belgium's imports and took exactly the same percentage of Belgian exports. We ranked eleventh as a market for and thirteenth as a supplier to Belgium. The bulk of Belgian trade is, however, carried on with the neighbouring countries and the United States; the Netherlands and West Germany, two of Belgium's Common Market partners, account for one-third.

I BLEU TRADE IN 1959

	BLEU Exports	BLEU Imports
	(in per cent)	
Netherlands	21.2	15.8
West Germany	13.3	16.4
United States	13.2	9.4
France	9.1	12.6
United Kingdom	6.0	8.3
Switzerland	2.8	1.9
Sweden	2.8	2.7
Belgian Congo	2.7	5.7
Italy	2.6	2.3
Denmark	1.7	*
CANADA	1.3	1.3†

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*Less than 1 per cent.

†Note that the following countries supplied more than Canada: Australia 1.7 per cent, Iran 1.6 per cent, and Argentina 1.4 per cent.

II BLEU TRADE WITH SELECTED COUNTRIES

	Percentage increase or decrease in 1959 over 1958	
	Exports	Imports
Total trade	8	10
Common Market partners:		
Italy	25	20
West Germany	24	15
Netherlands	11	11
France*	− 7	19
United States	55	5
CANADA	25	4
United Kingdom	12	24
Scandinavia	5	− 2
Japan	26	2
Soviet Union	−50	29
Belgian Congo	−24	18

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*Includes the Saar in 1958; in 1959 the Saar is included with Germany.

Although exports and imports have risen in the past year, the balance of trade has become less favourable. Exports in 1959 totalled $3,295 million, up 8 per cent over 1958; imports, at $3,442 million, were up by 10 per cent, boosting the trade deficit from $83 million in 1958 to $147 million last year.

The trade balance with Canada in 1959 was also unfavourable to Belgium, though much less so than a year ago. Belgian exports to Canada climbed by 25 per cent over 1958 and her imports from us by only 4 per cent. The deficit shrank from $34 million in 1958 to $11 million in 1959. Table II shows the percentage change in Belgian trade with selected countries during the past two years.

On the whole, BLEU exports in 1959 to industrialized countries rose steeply, but declined to less industrialized countries such as the Belgian Congo (Table II), China (—36 per cent), India (—58 per cent) and South Africa (—34 per cent). The drop in sales to France resulted mainly from the devaluation of the French franc in December 1958, and partly also from the transfer of the Saar from the French to the German customs zone. On the import side, devaluation stimulated the Belgian market for French products. Apart from Scandinavia, imports from all important trading partners increased over the previous year.

Trade with Canada

Canadian exports to Belgium in 1959 totalled $56.2 million compared with $69.7 million in 1958. Imports from Belgium for the two years totalled $45.1 million and $36.0 million. Canadian aircraft and parts shipped under mutual aid arrangements should be eliminated to give a clearer picture of normal commercial trade. The adjusted export figures then become $53.3 million and $48.9 million. This reveals an increase rather than a decrease in exports over the two years and brings the balance more into line. Principal products in our 1959 trade are shown in Table III.

III CANADIAN EXPORTS TO BLEU IN 1959

(in millions of dollars)

Total exports	56.2
of which:	
Cereals, flour, seeds	22.5
Nickel	6.3
Asbestos	4.3
Aluminum	4.1
Aircraft engines and parts	2.9
Lead and zinc	2.5
Copper	2.5
Dairy products	1.4
Lumber, pulp and paper	1.3
Drugs and chemicals	1.2
Fish	1.1
Other	6.1

IMPORTS INTO CANADA FROM BLEU IN 1959

(in millions of dollars)

Total imports	45.1
of which:	
Iron and steel	16.8
Glass	7.0
Diamonds	5.3
Carpets	4.1
Tin	2.1
Cotton textiles	1.3
Photographic paper and films	1.0
Boilers, machines, mechanical engines, appliances and parts	0.8
Other	6.6

What does the future hold for Belgo-Canadian trade? The figures in Table III suggest that more than 80 per cent of our exports to Belgium consist of raw or semifabricated products. Cereals and oilseeds account for 40 per cent; ores, minerals and metals for 38 per cent and lumber, pulp, paper and chemicals 5 per cent. Only about 15 per cent of Belgium's purchases from Canada represent fully manufactured products; these are spread over nearly 250 different statistical items, no one group of which accounts for more than $1 million.

What Are the Opportunities?

Expansion in our trade will probably take place in raw and semifabricated products needed for Belgian industry. The common external tariff of the EEC, the first stage of which should come into effect on December 31 of this year, imposes some customs duties higher than the Benelux tariff (on aluminum for example) but recognizes the need of the Six for low or nil rates on essential materials for industry. Agricultural products, on the other hand, face the uncertainty of a complicated and undoubtedly protectionist policy, which the Six have not yet considered in detail. A timetable has, however, been drawn up, (see article on page 45) and this could mean substantial progress towards a common policy by the end of the year. Until then it is impossible to judge the effect on Canada's trade in agricultural products with Belgium and Luxembourg. Because of the quality of Canadian wheat and the traditional preference of the consumer, it is reasonable in the absence of other factors to assume that it will continue to find a small but steady market here.

Fully manufactured goods present a different picture. For a low-tariff country like Belgium the new EEC external tariff will, on the whole, be higher. In addition, therefore, to suffering from increased competition from other members of the Six—for whom duties and quotas will gradually be eliminated—Canadian products will, in many instances, cost the Belgian consumer more than they do now.

A recent study compares the impact of lower tariffs for EEC goods and the generally higher external rates that harmonization will impose on Belgium. It concludes that at the consumer level, average prices should remain about the same as at present (an insignificant rise of 0.04 per cent is predicted). This does not take into account any substantial shift in imports from third countries to the EEC.

Because Belgian imports were almost fully liberalized immediately after the war, no recent measures have served to open or reopen markets for Canadian manufactured products. Indeed, as a result of the freedom from such restrictions the Belgian market has for many years been an extremely competitive one. Quality is important, but price is usually the deciding factor when new offers are being considered. Canadian exporters should not assume without investigation that the market for finished goods is closed to them, but they should recognize the importance of meeting stiff competition from all parts of the world—particularly from Belgium's Common Market partners, the United States and the United Kingdom. (In certain products, such as wood from Scandinavia and the Baltic, other countries sometimes offer special inducements such as lower prices, more favourable credit terms, prompt delivery or lower freight rates.)

Anticipating an economic expansion resulting from the move towards European integration, the Trade Commissioner's office in Brussels is planning a general market survey during the latter part of this year. Canadian manufacturers of all types of products are invited to submit full details of the goods they are able to export, plus illustrated and descriptive literature and the lowest possible prices c.i.f. Antwerp. Samples or additional information may be requested if buyers or distributors show preliminary interest. •

Luxembourg

L. H. AUSMAN, *Commercial Counsellor, Brussels.*

THE Grand Duchy of Luxembourg, with a population of 313,000, covers an area of about 1,000 square miles. Though it is politically independent, it is associated with Belgium in a closely knit economic union. Canadian exporters generally look on these two countries as a single unit as far as trade is concerned. With minor exceptions, this is a reasonable assumption for several reasons:

- Luxembourg, Belgium and the Netherlands constitute the Benelux Customs Union and there are no differences in their tariff structures.
- Foreign trade statistics of BLEU are combined.
- Lacking access to the sea, most of Luxembourg's trade passes through Belgian ports.
- Agents and distributors in Brussels or Antwerp serve Luxembourg either directly or through subagents. Only in special cases is it necessary for Canadian exporters to consider appointment of a Luxembourg agent.

Because separate trade statistics are not published, it is impossible to tabulate Canada's trade with the Grand Duchy, but it may be assumed that our purchases of Luxembourg steel are much bigger than our exports to that country.

Steel production is by far the most important industry in Luxembourg, and present economic activity reflects recent expansion in the industry. Although the index of industrial production was 4.4 per cent higher in 1959 than in 1958, it was the net result of contrasting trends in different sectors. Iron and steel output rose by 7.9 per cent—more than enough to make up for the drop in production in other industries, such as mining, metalworking, non-metallic mineral products and textiles.

Agricultural production was on the whole satisfactory though milk and meat output fell off appreciably. Last year was an excellent one for wine production; the vintage was one of the best in the last 50 years.

Luxembourgers expect in 1960 a vigorous expansion of the gross national product at market prices, thanks largely to increased foreign demand (especially from the United States) for rolled steel products. Prices, which in April 1959 were lower than at any time since 1958, rose substantially by the end of the year though they were still 7 per cent below the average for 1958. Further increases are expected that should more than offset any rise in import prices. The resulting improvement in the terms of trade could augur well for improved business conditions in all sectors.

Because of the importance of the steel industry in the national economy, the European Coal and Steel Community, now eight years old, exerts a greater influence than the newer Economic Community. The wider based Common Market cannot fail, however, to have a beneficial effect on the economy of this small country. •

Denmark

Liberalization of imports in March opened market to greater number of Canadian products, should stimulate exporters to make personal sales contacts, establish agencies.

C. F. WILSON, *Commercial Counsellor, Copenhagen.*

DANISH industry and commerce enjoyed a high level of activity during the past year. Agriculture made some gains and foreign trade expanded, though in recent months imports have risen more rapidly than exports. Foreign exchange reserves, which had been building up over the past two years, began to fall in the last quarter of 1959 and have been declining since then.

Actually, the terms of trade have not turned against Denmark. Receipts from the sale of agricultural and industrial products have been good. Rather, modernization and extension of plant and equipment have stimulated the demand for imported raw materials. Moreover, sales of lower-grade livestock feeds have been unusually large as a result of the relatively dry summer last year. Construction reached a peak in 1959 and there has been virtually full employment. The registration of new vehicles continues to rise and sales of farm machinery have been good. The fishing industry enjoyed another record year.

Denmark and EFTA

The high level of business activity has helped Danish industry to accept the commitments implicit in participation in EFTA. The Danish Parliament ratified the Convention in February, when the Government declared that it did not regard EFTA as an ultimate solution of Denmark's trade problems, but that it would continue to work through EFTA toward an association with the members of the EEC.

Because the terms of the Convention do not cover directly the trade in agricultural products, of vital concern to Denmark, the Government concluded bilateral agreements with the United Kingdom, Sweden and Switzerland before the Convention was ratified. These agreements were reported in the January 2, 1960, issue of *Foreign Trade*.

Upon ratification of the Convention, the Government adopted as of March 1 two measures of particular interest to Canadian exporters. The first was an extensive import liberalization and the second a revision of the Danish Customs Tariff Act.

Import Liberalization

The liberalization marked the end of import restrictions on an extensive list of items of interest to Canadian exporters, including:

Fish and shellfish for canning; tinned peaches and apricots; linseed oil; tinned fish products; tinned soup; beer and mineral waters; leaf tobacco; superphosphate; paints and lacquers; perfumes, soap and cosmetics; candles; sensitive paper and film; plastic material and plastic goods; leather and leather goods (other than footwear); veneers; laminated wood and finished wood products; paper and paper products, printed matter; textiles; porcelain, earthenware and glassware; iron and metal goods; machines and apparatus; radio and TV materials; vehicles; aircraft; instruments and apparatus; musical instruments; furniture; toys; sports goods; fountain pens, pencils, and other office supplies.

For the products that remain subject to import licence restrictions, quotas formerly established separately for the dollar area and the OEEC countries have been combined into one, so that there is no longer any discrimination against the dollar area as such. About 95 per cent of Denmark's trade is now liberalized and complete liberalization is promised by the end of 1969 at the latest.

Tariff Changes

Denmark is traditionally a low-tariff country, although it has protected industrial production by quantitative import restrictions; these covered as much as 64 per cent of industrial output at the end of 1959. With the import liberalization that became effective on March 1, only some 13 per cent continues to enjoy protection through quantitative import controls. This adjustment was offset to some extent by upward revisions in tariff rates. The new Customs Tariff is grouped according to the Brussels Nomenclature. The upward revision of tariff rates anticipated the provisions of Article 3 of the Convention, requiring the progressive reduction of rates commencing with a 20 per cent reduction on July 1, 1960, and continuing by annual 10 per cent reductions until all duties on imports from EFTA member countries are eliminated by January 1, 1970. Generally, tariff rates have been increased on a number of finished products that are manufactured domestically and the import of which has been liberalized, but tariff rates on some raw materials and semi-manufactures have been reduced.

Of interest to Canadian exporters is the fact that milk powder for feeding purposes remains free of import duty, as do fisheries products. Raw or unmanufactured tobacco and tobacco waste, which previously paid a duty amounting to 2.30 D.Kr. per kilo (or approximately 14 cents per pound), now are free of import duty. Raw hides and skins continue to be free of import duty, as do raw furs; the tariff rates for footwear have been raised from 7.5-15 per cent ad valorem to 15-25 per cent ad valorem. Typewriters, bookkeeping and accounting machines, which previously paid a 5 per cent duty, now pay none. These are only a few examples chosen from the hundreds of tariff items affected. The revised Customs Tariff Act also included for the first time an anti-dumping provision.

Canadian Exports to Denmark

The United Kingdom continues to be Denmark's largest supplier and customer, followed by West Germany, Sweden and the United States. Although Canada's trade with Denmark is not on the same scale, our sales to the Danes have increased steadily—from $3.5 million in 1957 to $5 million in 1958 and to $5.6 million in 1959. Figuring most prominently in the increases last year were asbestos milled fibres, but medicinal preparations, drugs and chemicals, asbestos waste, lead in pigs and refined lead, commercial fishing nets and twine also showed satisfactory gains. Canadian exports to Denmark during the first quarter of this year are continuing the upward trend with an increase of approximately $800,000 to $1.5 million, compared with exports during the corresponding quarter of last year. More skimmed milk powder, grains, untreated caoutchouc, pharmaceutical preparations, textiles (other than wearing apparel), and machinery were exported to this country than during the same period last year.

Table I divides Canadian exports to Denmark into those which increased in 1959 and those which declined.

There is ample room for the expansion of Canadian exports to Denmark that are competitive with United States products. This is illustrated in Table II (compiled from Danish trade statistics) that compares Danish imports from Canada with those from the United States.

As a result of the recent trade liberalization, many Canadian firms in recent months have been successful in establishing agency arrangements for the sale of their products in Denmark. The prices of some Canadian products are higher than those prevailing in the Danish market and vigorous competition must be expected from firms in the United Kingdom, West Germany and Sweden, which have an advantage in personal contacts and lower transportation costs. Nevertheless Canadian firms are on an equal footing with United States competitors in the market.

TABLE I

PRINCIPAL CANADIAN EXPORTS TO DENMARK

Increase in 1959	**1958**	**1959**
	(in Can. dollars)	
Maple sugar	12,196	39,596
Whisky	55,184	55,535
Flaxseed		148,274
Seeds, n.o.p.	2,745	26,160
Commercial fishing nets and twine	281,451	348,124
Douglas fir planks and boards	10,864	36,860
Hemlock planks and boards		11,940
Aircraft engines and parts		205,124
Adding machines and parts		26,554
Bookkeeping and calculating machines and parts	144,653	179,298
Motor vehicles and parts, n.o.p.	1,825	34,625
Lead in pigs and refined lead		169,781
Zinc spelter	71,650	84,176
Sparkplugs	37,010	42,184
Asbestos milled fibre	531,345	1,028,616
Asbestos waste, refuse, shorts	40,740	124,040
Medicinal preparations	2,710	114,715
Drugs and chemicals, n.o.p.	466,844	500,478
Scientific apparatus, n.o.p.	6,156	28,292
Gun and rifle cartridges	20,487	25,000
Decrease in 1959	**1958**	**1959**
Rye	50,843	
Wheat	571,418	342,613
Flue-cured bright tobacco	149,755	6,297
Skimmed milk powder	1,451,267	1,377,455
Gas engines and parts	167,713	
Passenger automobiles	158,935	137,061
Guns, rifles and other firearms	17,256	
Copper bars and ingots	111,904	
Radio wireless apparatus	75,959	49,868
Acids, n.o.p.	66,629	37,066
Synthetic resins	20,572	4,976
Polystyrene	13,065	9,055

TABLE II

SELECTED DANISH IMPORTS FROM CANADA AND UNITED STATES

Commodity	**From Canada 1959**	**From U.S. 1959**
	(in million D.Kr.)	
Grain and grain products	6.7	350.7
Fruits and vegetables		28.6
Feedstuffs		28.3
Tobacco	0.7	84.5
Untreated caoutchouc	2.2	7.6
Raw minerals	9.3	5.6
Oilseeds and nuts	0.5	110.8
Spinning materials		12.7
Fuel		59.0
Chemical raw materials and compounds	1.0	23.8
Pharmaceutical preparations	1.1	13.9
Other chemical products	0.9	36.6
Paper and cardboard		8.5
Textiles (other than wearing apparel)	2.4	10.4
Base metals	2.1	3.9
Non-electrical machinery	4.3	86.3
Electrical machinery	0.7	27.9
Wearing apparel		3.7
Instruments, etc.	0.1	11.7

Total Danish imports from Canada in 1959—48.1 million D.Kr.

Total Danish imports from United States in 1959—1,018.3 million D.Kr.

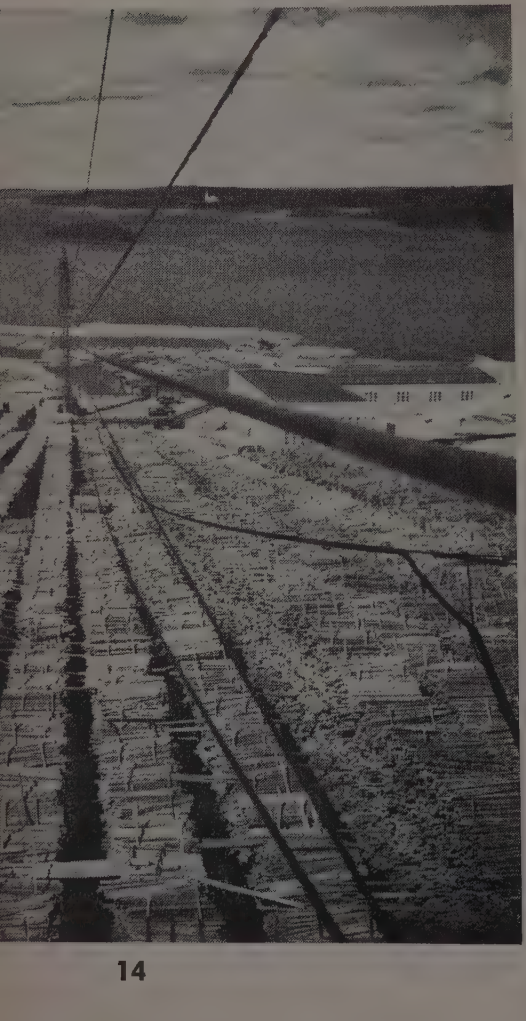
The Commercial Division of the Canadian Embassy, Copenhagen, can help exporters to assess the market potential for Canadian products and locate suitable agents. Many Canadian exporters are finding it worthwhile to include Denmark in their European itineraries. Firsthand contacts stand a good chance of being productive and the Commercial Division can suggest contacts and make appointments, especially when business visitors send word of their arrival in advance. ●

Finland

Recovery from 1958 recession proceeded rapidly last year; Finnish industry is expanding, with aid of foreign loans and credits. Canadian sales gained, though competition increasing.

A. P. BISSONNET, *Commercial Counsellor, Stockholm.*

FINLAND recovered from the 1958 recession somewhat less rapidly than the other European countries. None the less 1959 ended successfully and conditions so far in 1960 are most satisfactory. In fact, the Finns are enjoying a prosperity unknown since prewar years. Industrial production is up by 7 per cent over last year, imports by roughly 14 per cent, and exports by 8 per cent. Unemployment is lower than at any time since 1958 and so far the cost of living and prices generally remain steady despite internal pressures. This favourable trend should continue, provided that Finland is able to benefit from association with the European Free Trade Association.



Pulpwood neatly stacked and piled at the Kaukopää paper mill. Pulp and paper output is rising this year and the Finnish industry is expanding and modernizing.

One of the most encouraging indications of Finland's present economic position from the Canadian exporter's point of view is the state of the currency reserves. The country's holdings of gold and foreign currencies (which account for about 80 per cent of her currency reserves) increased during 1959 by 28 per cent and at present equal roughly 3½ months of normal imports. There is no reason why this position should not be maintained if conditions continue to be satisfactory.

Finland made various arrangements for foreign loans or credits for industrial development in 1959 with the World Bank, Hambros Bank, the Export-Import Bank and West Germany. Moreover, an agreement in principle between Finland and Russia was signed, under which Russia will provide a standby credit for plant and machinery; loans under this credit will be granted for up to 12 years at 2½ per cent. No specific projects have yet been agreed upon.

One of the most serious problems that Finland has faced during the past year is unemployment, which reached an all-time peak early in 1959. But as conditions improved during the year so did the employment problem, and by the end of the year unemployment was nearly 3 per cent below the figure for the same time in 1958.

Industrial Production

The manufacturing industry has reflected the improved situation to a greater degree than any other economic sector. At the end of 1959 production of non-consumer goods had increased 20 per cent for the year but consumer goods only 8 per cent. However, in January output of non-consumer goods was 11 per cent and of consumer goods 14 per cent above the 1959 figure for the same month. Rising production in the wood and paper industries (in January output of the wood industry had risen 26 per cent and that of the paper industry 27 per cent over one year) improved export prospects.

Woodworking and Paper—Prices of pulp and paper and of sawn wood and softwood decreased during the first half of 1959 but then improved and are still going up. Softwood exports totalled over 950,000 standards in 1959, a new postwar record, and exports of chemical pulp over 1.3 million metric tons, also a postwar record. Paper exports are running at a high level.

Plans announced by the Central Association of Woodworking Industries recently call for an increase of 40 per cent in the capacity of the cellulose industry during the next three years, as follows:

	Present capacity	Capacity 1962-63
	(1,000 metric tons)	
Mechanical pulp	1,200	1,550
Sulphite cellulose	1,300	1,570
Sulphate cellulose	1,200	1,930
Semi-chemical cellulose	20	120
Total	3,720	5,170

The increase in the capacity of the paper and board industries is estimated as follows:

	Present capacity	Capacity 1962-63
	(1,000 metric tons)	
Newsprint	860	1,240
Other paper	620	740
Cardboard	500	820
Total	1,980	2,800

This expansion and modernization program is made possible primarily by a $37 million loan from the World Bank obtained in March 1959. However, certain other small industrial credits have come from other sources, notably Britain, West Germany and the United States. A report of the Industrial Consulting Committee estimates that the annual investment needed by the Finnish industry for the next few years is $35 million, a sum that substantially exceeds its own financing ability. Thus Finland, which has always been a capital-importing country, obviously will remain so for some time to come. Because the private international capital market finds the interest rates there less attractive than in many other countries, international bodies and corporations have been her most important sources of capital for the past 15 years.

Lumber—Latest reports indicate that the total cut during the 1959/1960 season is running about 25 per cent higher than a year ago. If the cutting of firewood is eliminated, the average increase over the previous season is over 50 per cent.

Exports of plywood are up 26 per cent compared with a year ago and prices for pitprops and pulpwood are said to be rising. Orders for sawn lumber to be shipped in 1960 are said to total about 850,000 standards. Furniture exports were up by 24 per cent in 1959.

Engineering—Generally speaking, the past year was satisfactory for the Finnish engineering industries, with production larger than a year ago. Output of turbines and other heavy equipment increased.

Shipbuilding—The Finnish shipyards did well in 1959 and from all appearances continue to make satisfactory progress. According to some recent press reports, the Swedish American Line has ordered four motor freighters of 7,000 deadweight tons from the Wärtsilä Company for delivery in 1962 and early 1963. The same firm delivered a new icebreaker in February, the eleventh it has built since the war.

FINLAND'S IMPORTS IN 1958

	West Germany	United Kingdom	United States
	(in millions of Fmks.)		
Total imports	38,513	31,058	13,139
Of which:			
Machinery and apparatus (non-electrical)	8,540	3,911	3,161
Iron and steel	6,232	4,521	339
Means of transport, except aircraft and water craft	5,005	6,742	1,719
Machinery and apparatus (electrical)	4,404	1,305	696
Chemicals and pharmaceuticals	2,692	1,985	754
Cotton	1,029	1,063	1,434
Fertilizers	982	10	
Precision instruments	860	219	138
Rubber and manufactures of same	763	690	151
Colours, paints, varnishes, etc.	758	499	69
Wool and other animal fibres	409	2,974	8
Mineral fuels	721	1,369	623
Cereals		99	1,201
Edible fruits	22	4	752
Tobacco		1	687

Agricultural Outlook

Like the other Scandinavian countries, Finland had a dry summer last year and the harvest was average in quantity and quality. Finland is not self-sufficient in wheat and under the terms of her trade agreement with Russia bought from that country the main part of the necessary imports from abroad of approximately 125,000 tons. Small quantities of Canadian wheat were purchased for mixing purposes to improve the quality of Finnish flour and this business is likely to continue in 1960. About $87,000 worth of Finnish cheese went to Canada last year.

Foreign Trade

The United Kingdom remained Finland's leading 1959 trading partner, providing the largest market, but falling to third place, behind West Germany and Soviet Russia, as a supplier. After the big three come the United States, the Netherlands and France, in that order.

Of particular interest in Finland's foreign trade is its direction. Its trade with Soviet Russia is governed by a trade agreement. The latest agreement, covering 1960, was signed in late December 1959 and follows much the same pattern as the previous four to five-year agreement from 1956 to 1960. The pattern of trade with Soviet Russia for the year 1961 to 1965 was stipulated in a Finnish-Russian five-year trade agreement signed in Helsinki last October.

The countries of the Helsinki Club—that is, most West European countries except France—provided 59 per cent of Finland's total imports in 1959. The Helsinki Club is a multilateral trade agreement between Finland and the countries mentioned and about 82 per cent of Finnish imports from these countries are now liberalized. In the new agreement for the Helsinki Club in 1960, France accedes to the Club and imports from the United States and Canada are treated in the same way as those from Helsinki Club countries.

The accompanying table indicates the pattern of imports into Finland from certain countries in 1958.

At present United States exports to Finland are up 8½ per cent over this time last year, and Finnish exports to the U.S. are up 30 per cent.

Finland and EFTA

Approximately 24 per cent of Finland's exports go to the United Kingdom, 16 per cent to Russia, and 10 per cent to West Germany. Of imports, 16 per cent come from the U.K., 16 per cent from Russia and 17.6 per cent from West Germany. Judging by recent figures Russia's share of Finnish exports seems to be declining and that of Britain increasing. None the less, the Soviet Union's percentage of the Finnish market has improved, as has West Germany's; that of the U.K. has been declining.

The problem for the Finnish Government in the months ahead is its relationship with the proposed Free Trade Association of which Britain, Finland's biggest single export market, and her three Scandinavian neighbours are members. Hesitating on the one hand to offend Russia by joining the European Free Trade Association, on the other hand Finland fears the eventual loss of markets if she fails to associate herself in some way with the Seven. If Finland stays outside EFTA, she will have great difficulty, for instance, in meeting the challenge from Swedish forest products in the U.K. market. At the same time, joining the Association will mean, as it does for the other members, increased competition in home markets. The outcome is uncertain but a Finland outside the two major trading blocs in Western Europe could be a Finland moving closer to the Soviet economic sphere.

Canada's exports to Finland in the twelve months ended December 1959 totalled $2.8 million, against $2.3 million a year earlier. Finland's sales to Canada were valued at $947,000—some $383,000 over the same period in 1958. In addition to wheat, Canadian products that have been making gains in the Finnish market include steel, gas engines, power chain saws, sparkplugs, medicinal preparations, fresh apples and forage crop seeds. Finnish exports of granite and plywood to Canada have expanded.

Opportunities for Canadian exports to Finland probably lie more in increasing sales of present exports than in boosting the number of commodities exported. With production rising in Finland during the next few years, the raw and semi-processed materials that Canada sells to her should find a larger market. On the other hand, the rising standard of living could mean sales prospects for consumer goods that cannot be ignored. These, however, can only be exploited by personal visits and study of opportunities at firsthand. It must be remembered, however, that Finland is becoming an increasingly competitive market, especially with Germany and the United Kingdom in relatively close proximity. ●

France

With forecasts of increases in production, consumption, investment and foreign trade, the French look to the future with optimism. Recent trade liberalization measures should help Canadians to capitalize on the boom.

WILLIAM BRETT, *Acting Commercial Secretary, Paris.*

BUSINESS in France has never been better—this is the opinion of the French expert and the man-in-the-street alike. In support of this view, they can quote the following significant statistics. The French gross national product in 1959 rose 8 per cent over 1958, industrial production climbed by 15 per cent, bank deposits by $1.5 billion, the department store sales index by 43 points, automobile production by 17.4 per cent, and pig iron output to 1,148 metric tons in February 1960 compared with the 1958 monthly average of only 997 tons.

There have also been significant if less striking advances in vessel clearances, building permits and energy consumption. Business in some sectors faltered slightly during February and March of this year, (the industrial production index dropped two points) but this is widely held to be wholesome consolidation. Generally speaking, prices have been reliable.

There are some soft spots, however, mainly in agriculture, where troubles have given rise to a good deal of overt protest in recent months. A basic problem is the relative disparity between agricultural and industrial income. One reason for the agrarian protest is the Government's reluctance to attune farm income automatically to increases in production costs. The Government looks instead to longer-range adjustments in productivity through modernization and land reform.*

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*See the article "France Reconsiders Agricultural Policy" in the May 21, 1960, issue of *Foreign Trade.*

Another area of continuing concern is the tendency to regional depression in regions such as the southwest and Brittany. Steps are being taken to remedy this through allocation of cheap energy, (e.g., natural gas from the Lacq area destined for Bordeaux) and diversification of public works (a new atomic reactor complex for Brittany and research centres in the Massif Central).

Recently there has been a growing tendency to labour unrest, particularly in the transportation field. In addition, government employees, who feel that they have not participated to the full in the new prosperity, are calling for work stoppages. It is difficult to assess how far this tendency may spread and in what directions.

It would be unwise to minimize the importance of these problems but they are not so oppressive as to dim the general optimism. At any rate, the authorities have forecast the following increases for 1960:

	Increases in 1960 over 1959 (per cent)
Total production	6
Industrial production	5
Consumer consumption	4.5
Real wages	3
Investment	6
Imports	5
Exports	5

French Exports Rise

In 1958, French commodity trade showed a negative balance of about $410 million and in preceding years the deficit was even bigger. But 1959 produced a positive balance of about $520 million, with total trade up by $1,560 million to $10.6 billion. There were advances in a fairly broad range of products; automobiles, with an increase of nearly 100 per cent, made exceptional gains. New markets were also developed. Reflecting this export surge, French gold and exchange reserves rose from $763.6 million in December 1958 to $1,658 million in December 1959.

Canadians Share Increases

In 1959, Canada for the first time in many years imported more from France ($58.2 million) than she exported ($43.56 million).

The most important development in Canada's trade with France is the recent series of import liberalizations that permits the import of a wide range of Canadian goods, many of which have been denied entry during the entire experience of many Canadian export managers. In a sense, France is an old customer but a new market. The familiar trading pattern has been one of fairly steady sales of 250 to 275 products at the $40-50 million level, with 80 to 90 per cent split up among a few bread-and-butter items such as wheat, oilseeds, asbestos, copper, pulp, aluminum and synthetic resins. In the first months of 1960, however, a new pattern began to emerge. Statistics for 1960 are meagre at present but because our trade with France is only mildly seasonal, they should have a certain validity for the future.

In the first place, we sold almost three times as much in the first quarter of 1960 ($19.85 million) as we did in the first quarter of 1959 ($7.59 million); monthly averages show $6.6 million in 1960 compared with $2.5 million in 1959. It is significant that, aside from exceptional shipments of durum wheat, sales of our traditionally "heavy" items have remained much the same and in some instances have declined. We can thus probably expect a desirable spread in our future trade with this new and expanding market.

The gains in our sales to France are mainly among those goods hitherto shackled by quotas, but several products hold exceptional promise. Among these are lumber, fish (especially salmon), lobster, apples, whisky, furs, textiles, drugs and chemicals, nickel, sporting goods, and various manufactured goods including bookkeeping machines and saws.

Canadian exporters who have got out of touch with the French market are urged to determine whether their products are on the new list of importable goods. Those who are relying on long-standing agency relationships should assure themselves that their arrangements are, in the light of new conditions here, as useful as they once were. They should remember too that with a few exceptions these goods can find new outlets in Algeria, because liberalization measures are generally valid for that area also.

Effect of Common Market

The upsurge in the French economy is related largely to its position in the Common Market, which has meant a virtual end to the coddling of French industry. This, to the surprise and gratification of many industrialists, has proved to be just what was needed, and France has shown itself competitive with the other leading industrial nations of Europe. Today French business leaders are, in fact, often considered the most fervid proponents of the Community.

Another benefit of the Common Market has been the stream of investment (in which France has shared) that is entering Europe from abroad, as foreign producers set up shop within the framework of the common tariff.

OEEC and Canadian Trade

The future of Canada's trade with France as a member of the Six is difficult to assess, but it will depend largely on the following:

- The extent to which the rate of absorption of imports will be increased by mounting activity within the Community and the effect of the level of the common tariff.
- The prospect of Common Market partners supplanting Canadian sources of supply.

- The form the Common Market may finally take through association or accommodation with other regional groups or international associations.
- The attitude, outgoing or introspective, that the Six take toward world trade.

France as a member of the Common Market has a special concern: the dovetailing of Algeria and the French Community in Africa with an integrated Europe. This problem is of some urgency because of the rapid changes in the political climate of Africa and because of the need to market the outflow of French petroleum from the Algerian Sahara. It is France's hope that Saharan oil will supply a good proportion of the energy needs of the highly industrialized Six.

Much more could be said about the state of French business today. We could lengthen the lists of encouraging statistics and, with this information alone, speculate hopefully on the future. But an assessment must also take into account the currents of optimism and resolution that are coursing through France. These are not only the result of a resurgent economic life but are also the determinants of the future. If their promise is fulfilled, France and its trading partners have much to look forward to. ●

Greece

New five-year plan stresses building up of industry, but is restricting opportunities for foreign suppliers. Some Canadian products sell well, but total trade with Greece continues small.

LORNE D. R. DYKE, *Assistant Commercial Secretary, Athens.*

GREECE has made remarkable postwar progress, considering the ravages of the occupation and a bitter civil war, plus the poverty of the country. The gross national product has risen steadily since 1948 but, at less than $3 billion, looks rather small against Canada's $34.5 billion. However, this represents an increase over 1958 and 1958 was up 5.2 per cent over 1957. Preliminary estimates of national income for 1959 indicate that the rate of increase doubled that of 1958, with average annual per capita income reaching approximately $290.

Economic progress in Greece slowed down somewhat in 1959 and certain export problems developed. Imports dropped to $465.3 million ($534.0 million in 1958) and exports to $212.5 million ($243.1 million in 1958). Earnings from invisibles, including emigrant remittances, tourist spending, and donations, rose to $205.0 million ($188.7 million in 1958). The net $47.8 million deficit on goods and services for 1959 was covered by United States aid and foreign investments and credits. At the end of 1959, gold and foreign exchange holdings had risen by $52.3 million to $204.6 million. Some 10 per cent of the world's shipping tonnage is controlled by Greek interests and this increases invisible earnings. Because of growing opposition to flags of convenience, Greek-owned ships are now returning to Greek registry: 875 ships of 3.8 million tons are now registered under the Greek flag.

Because of difficulties encountered in the export of certain staple products such as tobacco and raisins, sales of these have been tied in with bilateral trade agreements. Moreover, for certain commodities arriving from countries that do not have such agreements with Greece, quotas have been introduced. But these may be imported without quota from the Communist countries, Finland, Israel, Chile, Egypt, Uruguay, and Yugoslavia, which base their trade with Greece on bilateral agreements. In addition to these restrictive measures, the Greek authorities have sought to export agricultural products by barter deals against the import of major industrial installations.

Confidence in the currency has grown over the past several years and the former strong emphasis on gold holdings has weakened. There is still a great deal of interest in liquid assets and real estate, and in addition, considerable Greek wealth is held outside the country. Evidence of currency stability and bank strength is the steady reduction in interest rates. The cost of borrowing money continues to be high and this is probably the basic consideration in doing business in this country. The Greek businessman understandably wants the best price on the longest possible terms. Short-term money costs him 10 per cent, plus 2 per cent charges, and may (less officially) cost him as much as 18 per cent. Despite the vagaries of the money market, inflation has been held in check fairly well by control of prices on basic commodities and a tight rein on money in circulation—Drs.8,772.2 million at year-end 1959 compared with Drs. 7,619.1 million at year-end 1958.

Industrialization Pushed

During 1959 Premier Karamanlis brought out a revised five-year investment program (1960-1964) which stresses industrialization. It also aims at improving the standard of living and raising annual average per capita income from the present

A Greek peasant, aided by his wife, starts the task of picking olives by hand—the traditional way. Methods of extracting the oil are gradually being improved.

$292 to $380. A total of $3.6 billion will be required to carry forward planned expansion in agriculture, industry, power development and the tourist trade. Already agreements have been signed for a 74,000-ton nitrate fertilizer plant, a rubber tire plant, an asbestos-cement products plant, a match factory, and two sugar plants.

Another important economic feature of 1959 was the formation of OVA—Industrial Development Corporation—to initiate and expedite the construction of basic industrial projects. German technical assistance funds are being used to obtain reports by German consulting engineering firms on projects envisaged under the five-year plan. These include a soda factory, a superphosphate fertilizer factory, the manufacture of wood pulp, and the development of iron-manganese and lignite deposits. The production of aluminum is also included.

To expedite and facilitate implementation of the plan, the Greek Government has made several unprecedented moves, in addition to fostering the formation of OVA. Plant and machinery may be imported duty-free, and tax concessions on reinvested earnings have been instituted for the first time. Interest rates on loans for the purchase of needed machinery and raw materials have been reduced considerably, and new medium and long-term loans made at more attractive rates.

Aside from the difficulties already mentioned, probably the greatest handicap is psychological. Greek businessmen have traditionally been individual entrepreneurs; the corporate form of enterprise has never really caught on in Greece. As a result, the commercial banks and the state, rather than the private sector, will hold what many regard as a disproportionate share in the planned industries. It is said that the State will provide one-third of the required funds, United States, German and other foreign aid one-third, and the remainder will come from private industry and business (including banks).

Restrictive Measures

Canadian exporters may well ask what all this means in terms of sales possibilities for Canadian goods. It means several things, which can best be explained by describing auxiliary measures which will foster Greek industrial development but at the same time restrict sales possibilities for foreign suppliers.

1. *Restriction on imports and protection of local production.* With the aim of strengthening Greece's financial position, the Government in August 1958 reclassified the import commodity lists to restrict credit financing of imports. Import quotas on certain commodities from free exchange areas were introduced in 1959. These include Canadian lumber, newsprint, wood pulp, tires and tubes, electrical appliances and equipment, and steel products.

2. *Barter transactions to the detriment of commercial sales possibilities.* Facing a serious problem of disposal of surplus agricultural commodities—notably tobacco and sultanas—the Greek authorities have emphasized barter trade in recent months. Much of this trade is carried on with the Communist countries. In a recent speech the

CANADA'S TRADE WITH GREECE

	1955	1956	1957	1958	1959
Exports to Greece	$4,297,956	$2,522,952	$4,121,423	$4,656,898	$3,978,149
Per cent of Greek imports	1.22%	0.55%	0.78%	0.82%	0.70%
Imports from Greece	$ 279,796	$ 274,257	$ 456,383	$ 380,409	$ 362,631
Per cent of Greek exports	1.52%	1.50%	2.07%	1.64%	0.17%

Minister of Commerce reported that the proportion of Greece's total trade now going to the Soviet Bloc is 18.8 per cent (16.2 per cent one year ago). A wide range of capital equipment—from a thermoelectric plant to a sugar refinery to bus chassis and refrigerated railway cars—has been imported against payment in agricultural products. Unfortunately, these agricultural products cannot be easily sold in Canada and other western countries because of our different tastes and preferences and also because they are not well enough merchandised for our quality-conscious market.

3. *Revised customs tariff further limits sales possibilities.* From April 27 of this year, higher duties were placed on a wide range of goods by shifting them from specific to ad valorem rates. These new duties have yet to be negotiated with GATT. In any event, this appears to be another measure to promote development of home industries, which already enjoy a 35 per cent preference in all state-purchase tenders.

In the light of these measures, it is difficult to assess what success Greece will have in her negotiations over membership in the European Economic Community. In addition to seeking special marketing concessions for agricultural commodities, it is reported that she will also ask for permission to delay tariff reductions.

Trade Possibilities Limited

Canadian-Greek trade has shown little improvement over the past several years and under present conditions possibilities for growth seem limited. It would be wrong to be pessimistic, however. As Greece pushes industrialization and raises her standard of living, she will need many products that Canada can supply. Much will depend on the attitude of Canadian exporters who tend to consider this small market (eight million people in an area roughly equivalent to that of Nova Scotia, New Brunswick and Prince Edward Island) as rather far-off and too fiercely competitive. Canada's share of the Greek market has been nearly halved since 1955, with a five-year annual export average of less than $4 million. At the same time Canada has taken an ever-decreasing share (except in 1957) of Greece's exports. Average annual Canadian imports from Greece over the past five years have, at just over $350,000, been less than one-tenth our sales to Greece. The accompanying table gives the five-year breakdown.

In total, this is not a bright picture, but there are several encouraging features. Canada's sales of aluminum ingot, seed potatoes, tallow, wood pulp, and tires and tubes have held up well and may expand. Other products that stand a chance in this market include oil-burners, canned meats and salmon, asbestos, copper tubing, bolts and nuts, electric washing machines and diamond drills.

On the Greek side, more serious efforts will have to be made to gain entry into Canada for famous products of the Greek soil—olives and olive oil, grapes and wine, and specialty foods. A field with much promise is handicrafts, including ceramics, textiles (wool and cotton apparel) and metalwork. The hope is that in the near future Greece will modernize her merchandising machinery so that her citrus products and sultanas and currants will find buyers in Canada. ●

Views on Tariffs Sought

THE GATT Tariff Conference opens in Geneva, Switzerland, on September 1, 1960. The Honourable Gordon Churchill, Minister of Trade and Commerce, announced last October the Canadian Government's decision to participate, and detailed preparations for these tariff negotiations are now under way.

Since then, Canada has indicated its intention to negotiate with the United States. In addition, the six members of the European Economic Community will participate in the conference and there also will be an opportunity for Canada to negotiate with other countries. Among these will be the following ones which will be participating in GATT negotiations for the first time: Israel, Portugal, Spain, Tunisia and Cambodia. (Concessions in the Tunisian and Cambodian tariffs have been negotiated under the GATT by France.) Because Canada has not previously negotiated tariff concessions in the GATT with the Governments of the acceding countries named above, there may be particular scope for a mutually advantageous exchange of tariff concessions with them.

Canadian businessmen are again invited to indicate their interests regarding reductions in any present rates of duty in other countries. Their attention is drawn particularly to those countries now acceding to the GATT. Any representations from business should reach the Director of the International Trade Relations Branch, Department of Trade and Commerce, Ottawa, before the end of July.

Representations on possible tariff concessions by Canada on products imported from the countries acceding to the GATT should be addressed to the Director, Tariff Section, Department of Finance, Ottawa, and should reach him not later than July 31.

Details of the Common Tariff for the European Economic Community are now available and information on specific items required in the preparation of statements on trade interests may be obtained from the International Trade Relations Branch.

Ireland

Exports fell slightly last year, but imports rose as industrial drive continued. Special import levies were removed or reduced; this may help our exporters to improve their £5.6 million share of Irish market.

W. R. VAN, *Commercial Secretary, Dublin.*

THERE is a striking similarity between Ireland and Canada in certain fields. Both countries have as neighbours highly developed industrial nations. Both tend to be affected in varying degrees by the economic stability of their neighbours, and especially since their neighbours are their chief trading partners.

The Irish economy continues to be based on agriculture but efforts to industrialize are progressing. These are handicapped by the small population (approximately 2.8 million) and the low per capita income. This has pointed up the need for a strenuous export program.

National income, according to provisional information, increased in current terms by about 5 per cent in 1959, or from £480 million to £503 million. Industrial income rose by 10 per cent or £13 million over 1958, a major advance. Agricultural income increased and other sectors made moderate progress.

External assets of both the Government and commercial banks showed an increase of £4.3 million despite a balance-of-payments deficit, fortunately financed by private capital inflow. Total savings increased from £50 million in 1958 to £63 million in 1959. Personal expenditure advanced by about 2½ per cent. Tourist spending totalled £37 million, up £3.2 million over the previous year.

Over-all export values, at £130.7 million, although continuing to be high, were down slightly in comparison with 1958. Import values, on the other hand, rose from £67.7 million in 1958 to £81.8 million in 1959. The import excess was cushioned by more favourable terms of trade; import prices on the average were down 1 per cent and export prices up about 3 per cent.

Industry and Agriculture

The intensive drive to industrialize as a counter-weight to over-dependence on agriculture is rapidly gaining ground. The primary impetus is a sharp increase in export demand for industrial products. The results for 1959 exceeded all expectations. During the year the volume of industrial output went up sharply: the index (base 1958 = 100) for all industries and services rose from 98.7 in 1958 to 106.9 during the current year. (The previous record high was in 1955.) Record output during 1959 was achieved in manufacturing, mining, quarrying, and turf production.

The gross agricultural output in current terms, excluding stock changes, (provisional figures) fell by £5 million to £174.4 million. Crop and turf production rose by £7 million following the disastrous harvest of the previous year. Livestock and products fell by £12 million—primarily because exports of cattle declined, milk yields were reduced because of drought, and output of sheep, pigs, eggs and poultry declined slightly. Drought during the summer of 1959 also affected the United Kingdom, the Republic's chief export outlet for "store" (feeder) cattle. Growing resistance by British farmers to and British agricultural restrictions on "once-tested" (against bovine TB) cattle also curtailed shipments.

With a fall-off of livestock exports, stocks on hand rose and the value increased to £11 million as against £3.2 million in 1958. The net value of agricultural output, (including the value of changes in livestock numbers), thus expanded by £4 million or 2¾ per cent.

Wheat, despite a one-third reduction in acreage, improved in both volume and quality; 281 thousand acres were sown and yielded 340,000 long tons. Yield of both oats and barley increased. Thirty to forty thousand tons of barley (feed and malting) were exported to the United Kingdom and the Continent.

Foreign Trade

Exports at £130.7 million (f.o.b.) declined slightly from the previous year. Three developments characterized the year's export trade.

- Live cattle permanently exported fell by £8.5 million to £30 million.
- Despite an increase of £3.2 million in the export of beef and veal (fresh, chilled or frozen) exports of foodstuffs of animal origin dropped because of reduced shipments of butter, bacon and hams.
- Exports of "other raw materials and manufactured goods" rose substantially, from £25.1 million in 1958 to £34.6 million last year. Exports of petroleum products; textiles, (including raw wool); machinery, both electrical (mainly sewing machines) and non-electrical; ores and concentrates; hides, skins and leather; vehicles; clothing (manufactured), and footwear increased.

Imports rose substantially, accentuating a growing import balance, though this was considerably reduced by the improved terms of trade. Imports have increased steadily over the past four years, from £182.8 million in 1956 to £212.5 million last year.

The poor harvest of the previous year, necessitating abnormally large wheat imports, contributed to the large import bill. Imports of materials for further manufacture increased by £12.1 million over the previous year, a result of the rise in industrial activity, and so did imports of machinery and equipment, especially for Ireland's only oil refinery. The accompanying table gives comparative figures by main commodity groups for the years 1958 and 1959.

IMPORTS INTO IRELAND

Commodity Group	1958	1959
	(£ million)	
Petroleum oils, refined	15.7	10.8
Machinery except electrical	14.2	16.3
Other textiles excluding clothing	13.5	13.1
Road motor vehicles including aggregates and parts	10.4	11.0
Iron and steel	10.0	9.1
Coal	8.2	7.9
Other chemicals, perfumery, dyes and colours	7.3	8.5
Fruit, nuts and vegetables	6.6	6.5
Paper and cardboard	6.0	6.4
Fertilizers	5.7	6.4
Electrical machinery, goods and apparatus	5.5	5.5
Wheat	4.8	8.5
Cattle imported permanently	4.6	3.8
Other live animals	5.3	5.8
Other vehicles and parts	4.3	4.7
Ships and boats and parts	4.1	2.4
Tobacco	4.0	3.4
Tea	3.9	4.5
Wood, timber and cork	3.8	4.1
Non-ferrous metals	3.5	4.6
Cutlery, hardware and implements	3.4	3.5
Cotton woven fabrics	2.9	3.1
Raw wool	2.4	3.1
Cocoa and preparations	2.4	3.2
Other foodstuffs	2.3	2.1
Medical and pharmaceutical products	2.3	2.7
Rubber	2.1	2.6
Total, including all imports	199.0	212.5

The United Kingdom continues to be the Republic's chief trading partner. Over 80 per cent of its exports go to the U.K. and Northern Ireland and up to 60 per cent of its imports originate there.

The following statistics show principal countries of origin for imports during 1959 (c.i.f. values over £5 million):

From	(£ million)
Great Britain	100.8
and Northern Ireland	8.9
United States	14.0
West Germany	10.5
Netherlands	6.3
CANADA	5.6
Australia	5.2

The trade relationship between the Republic of Ireland and the United Kingdom has been further strengthened by an agreement signed in London on April 13, 1960. This supplements the original Trade Agreement of 1938 and the supplement of 1948. Broadly speaking, the special relationship between the two countries rests on the preferential treatment accorded to British imports, in exchange for which Irish agricultural and industrial goods enjoy virtual duty-free entry into and certain other advantages in the British market.

Ireland is not a member of EFTA or the EEC, and the Irish Government has therefore emphasized in recent months closer economic cooperation with the United Kingdom, its natural outlet.

Canada, under the Trade Agreement of 1932 with Ireland, is the only other Commonwealth country sharing the special treatment accorded Britain in the Irish market.

To encourage and foster the growth of local industry, the Government offers generous incentives. Protection in the form of tariffs, special import levies and quantitative restrictions is also used. The Republic is not a member of GATT although the idea is being explored.

With the evolution of the two European trading groups and the need to exploit the British market more systematically, the Irish Government has over the past months warned local industry that the days of protectionism are drawing to a close. Individual companies are advised to streamline their operations and to face competition from without, as well as in foreign markets.

An encouraging sign in the 1960/61 Budget was the removal in certain instances and the lowering in others of the majority of the remaining special import levies. Some of these levies (which were assessed at a percentage of the duty-paid value of imported goods) seriously curtailed imports or in some instances made the cost of them prohibitive.

Trade with Canada

Canada, with the United Kingdom, enjoys special advantages in the Irish market but increased trade is hampered in many instances by our inability to compete in price. A further but natural disadvantage is transportation and delivery time. However, our sales to Ireland have risen from £3.7 million (c.i.f.) in 1957 to £5.6 million last year.

Canada is now selling a wide range of products, although many of them are small in value. Our chief exports to Ireland are wheat, newsprint, and aluminum ingot; others are fresh apples, canned fish, seeds for sowing, leather, textile piecegoods, timber, asbestos fibres, certain medicinal preparations, drugs and chemicals n.o.p., and electric stoves. These are but a few. The expansion and diversification of our exports is progressing.

Prospects for 1960 are encouraging. The economy at the beginning of the year was in a better position than for some time. Output in all sectors rose through 1959, assisted by the progressive implementation of the Government's Five Year Program (1959/64) for Economic Expansion. Much will depend on whether continuing vigor in industrial production and exports can counteract increased imports of raw materials and manufactured products. Prospects for exports of live cattle, Ireland's major single export, are brighter. It is, however, difficult to determine whether cattle sales will be large enough to absorb the increased supplies. The sale of feeder cattle to the United Kingdom will continue to lag because it depends upon the stepping-up of the program to eradicate bovine TB. ●

Italy

Exports rose to new high last year, industrial output increased, but unemployment and the depressed south posed problems. Liberalization of imports is proceeding but Canadian sales still hampered by import licensing.

J. G. IRELAND, *Assistant Commercial Secretary, Rome.*

LAST year will go on record as one of brisk activity for the Italian economy and the 1960's began on a note of optimism.

Industrial production in 1959 climbed by almost 11 per cent over the preceding year; the chemical, leather, furniture, cellulose, and rubber industries registered the biggest gains. However, all main groups of industrial activity made progress, with the exception of electrical machinery. The gross national product (at current prices) increased 6.2 per cent over 1958, a rise in real terms of 6.6 per cent when the slight 1959 fall in general price levels is taken into account. For the first time in decades, the national income grew more in real than in monetary terms.

More jobs were available during 1959 and real wages rose to a new high. Trade both at home and abroad was active and Italy's reserves of gold and foreign exchange increased substantially. The general index for investments for 1959, which includes both public and private, gained about 5 per cent over the previous year. Foreign investment was particularly large.

Agriculture did not fare as well. Although most 1959 harvests were fairly satisfactory compared with average years, net agricultural income decreased by 2.2 per cent compared with 1958, largely because of a fall in prices of many commodities. Italy continues to depend on sizable imports of several agricultural products — including meat products, butter, oilseeds and most grain (with the exception of soft wheat, of which she has a surplus). This dependence on imports of certain agricultural commodities while others are in oversupply many Italian authorities consider to be one of the more serious problems facing the country. The Italian Government is not unaware of this and late in 1959 announced its "Piano Verde" or "Green Plan", under which some $880 million will be spent to modernize agriculture over the next five years.

Two Serious Problems

The need for improvements in the agricultural field is not the only serious problem that detracts from present prosperity. Two of the more serious are the necessity of more rapid development in southern Italy and of a decrease in unemployment. The chronic depression of southern Italy has led postwar Italian Governments to adopt as a major policy the stimulation of development there in order to bridge the gap between north and south. Much good work has been done and millions of dollars of state and private funds spent in the south. However, lately criticism has been heard that the gap is not being bridged and that the Government should take further steps, particularly in stimulating private investment in the more depressed areas. Despite the progress made, the brisk rate of northern economic development has tended to show up the disparity between the two areas.

The other serious problem, also chronic, is the large number of unemployed in Italy—estimated by many at about 10 per cent of the working force. Available statistics, not entirely reliable, place the number of unemployed at anywhere from 1 million to 1,800,000. In addition to the unemployed, there are hundreds of thousands of Italians only partially or underemployed. In recent years, unemployment has been reduced somewhat but the problem will undoubtedly continue to be serious in the foreseeable future.

Foreign Trade

Italy's foreign trade flourished in 1959 and played an important part in her progress. Exports rose by 12 per cent in value and at least 20 per cent in volume over 1958 to a new high of $2,800 million. Imports rose by only 4 per cent in value to $3,200 million but the resulting trade deficit was almost 30 per cent smaller than in the previous year. Exports of textile products, footwear and motor vehicles were particularly satisfactory.

During 1959, Italian gold and foreign exchange reserves increased

ITALO-CANADIAN TRADE

	Can. Exports to Italy	Can. Imports from Italy	Total Trade	Balance
	(in millions of dollars)			
1953	33.2	14.3	47.5	+18.9
1954	23.8	15.0	38.8	+ 8.8
1955	27.6	18.5	46.1	+ 9.1
1956	37.7	25.0	62.7	+12.7
1957	62.8	33.0	95.8	+29.8
1958	29.8	32.8	62.7	— 2.9
1959	32.2	38.4	70.6	— 6.2

by about $1,000 million and totalled slightly more than $3,000 million by the end of the year—the third highest in the free world, after the United States and West Germany. The improved trading position, the substantial increase in "invisible earnings", and the very large inflow of private foreign capital ($460 million, or just over double that of the previous year) made this remarkable increase possible.

Trade with Canada

Canadian exports to Italy consist primarily of a relatively small number of raw and semi-processed materials, but our imports from Italy are made up of a large number of products, ranging from machinery, equipment and automobiles to textiles, handicrafts, and a variety of typically Italian foodstuffs. Italo-Canadian trade has grown fairly steadily over the past few years but only since 1958 has the balance of trade been in Italy's favour. The table on page 23 shows the steady rise in Canada's imports from Italy and the more erratic course of our exports to Italy. The exceptionally high value of imports from Canada in 1957 stemmed from the high prices for commodities and high freight rates following the Suez crisis, and the marked build-up in Italian inventories of many basic commodities during that year.

In view of Italy's substantial invisible earnings of Canadian dollars —including expenditures by Canadian tourists, immigrant remittances, earnings from ship charters and Italian investments in Canada —there is little doubt that Italy has for some years enjoyed a favourable balance of payments with us. To give some idea of the importance of these invisibles, it is estimated that expenditures by Canadian tourists in Italy are running at an annual rate of at least $15 million.

Canada's position as a supplier of basic materials to Italian industry is clearly shown by the following table, which lists principal Canadian exports during 1958 and 1959.

PRINCIPAL CANADIAN EXPORTS TO ITALY

	1958	1959
	(dollars)	
Rapeseed	2,245,329	4,632,792
Wheat (excluding durums)	1,990,411	3,969,108
Primary aluminum	1,347,659	3,009,583
Durum wheat		3,538,004
Drugs and chemicals, n.o.p.	2,962,555	1,996,312
Wood pulp	1,577,062	1,591,502
Fine nickel	3,826,323	1,276,932
Frozen eggs	146,838	1,254,889
Pulpwood, peeled	1,188,939	996,078
Salt codfish	763,302	986,967
Asbestos milled fibres	828,813	865,581
Copper ingots, bars, billets	2,896,736	765,647
Aluminum scrap	255,348	736,234
Acids, n.o.p.		608,748
Mustardseed		559,521
Wool rags and waste	177,025	404,813
Bookkeeping and calculating machines	227,766	370,705
Nickel in oxide		359,328
Canned salmon	449,927	346,869
Machinery and parts, n.o.p.	90,004	330,329
Prepared animal foods		292,383
Medicinal preparations	72,562	281,459
Lumber of Douglas fir and hemlock	506,835	256,197
Iron ore		249,370
Rags and waste, n.o.p.	120,840	223,970
Calfskins and kips, raw	204,241	223,393
Furskins, undressed	150,637	197,965
Total of items listed	22,029,152	30,324,679
Total exports	29,915,085	32,235,212

The foregoing table indicates the wide fluctuations from year to year in the quantities and types of Canadian goods that find a market in Italy. Although these might not be considered unusual in a price-conscious market like Italy, nevertheless they emphasize the advantage of appointing a good local agent who will keep the Canadian product continually before his customers.

In June of 1959 and again at the beginning of 1960, the Italian Government took further steps toward liberalizing imports from the dollar area by freeing additional commodities from import licensing. The interested exporter can obtain details from the International Trade Relations Branch but a few of the items of potential interest include: certain iron and steel products; burners; certain tools, machine tools and business machines; engines; tanned leathers; fresh or frozen fish and fowl, canned fish; serums and vaccines; paints; lumber, and certain papers. However, many commodities of importance to Canada are still subject to import licensing. In view of Italy's rapidly improving trading position and large foreign exchange holdings, it is becoming more and more difficult to justify discrimination against dollar goods. The Italian Government appears to be aware of the situation and further liberalization should be announced in the not far distant future.

Italy and the Common Market

At the beginning of 1959 Italy reduced by 10 per cent the rates of duty applicable to trade within the Common Market and the second reduction of 10 per cent is scheduled for July 1, 1960. The first reduction was also extended on a most-favoured-nation basis but only for selected items from approximately the first two-fifths of the Italian customs tariff. The 10 per cent reduction in duties on selected items from the last three-fifths of the tariff was only extended to non-Common Market countries on January 1, 1960. It is too early to predict the ways in which implementation of the Common Market external tariff is likely to affect Canada's export trade with Italy. Nor is it possible to speculate about the future effect on Canadian trade of the recently established common tariffs for the so-called "List G" items, because in several cases import quotas will be permitted at below common tariff rates and these quotas have yet to be established. For certain other items (including sulphur, silk, lead and zinc) it has been agreed that concessions should be made to Italy in the form of extensions of the time limit for the implementation of the common tariff. The future of Canadian trade with Italy could also be influenced by the common agricultural policy which has yet to be worked out among the Six.

Available Italian statistics for 1959 indicate that during the first year of the Common Market, there was a considerable re-orientation of Italian foreign trade in favour of the other member countries. Total Italian exports to all countries rose by 12 per cent over the preceding year, but exports to the Common Market increased by 30 per cent. Total Italian imports from all sources rose by 4 per cent and from the Common Market by 29 per cent.

Foreign Investment Rising

Since the new Italian investment law of February 1956, foreign investment has flowed into Italy in unprecedented amounts. The desire of firms in non-Common Market countries to participate in the business life of the Community has brought about a dramatic increase in foreign investment. During the past two years alone, it has risen from just under $100 million in 1957 to $225 million in 1958 and $460 million in 1959. The United States, Switzerland, West Germany and the United Kingdom have made the most important contributions to foreign capital investment in Italy in recent years. In addition to government incentives and a favourable economic climate, Italy also has the advantage of a large pool of relatively cheap labour and a population with low levels of consumption and a rising standard of living. The postwar political instability does not appear to have shaken the confidence of foreign investors from many countries in the Italian economy. The chemical, pharmaceutical, petroleum and engineering industries have attracted the largest amount of foreign capital. ●

The Netherlands

Coming of Common Market has given new impetus to Dutch economy; expansion expected to continue in 1960. Trade with Canada growing, though competition is sharpening.

J. C. BRITTON, *Commercial Counsellor, The Hague.*

THE buoyant trading conditions prevailing in 1959 have continued and this year promises to be a satisfactory one for the Netherlands. The basic economic indices are all favourable and the pace of economic and business activity is expected to quicken as the year goes on. The boom in the Common Market has provided the impetus for Dutch economic recovery over the past 18 months and as the Common Market expands, so will Dutch business.

The Netherlands, with easy access to Western Europe's industrial centres, is using its traditional trading, financial, shipping and trade service potential to advantage in developing Euromarket trade. Dutch exports to Western Europe in 1959 constituted 72.5 per cent of the country's total exports. Conversely, about 75 per cent of total imports came from Western European countries. Not all of this trade was carried on with Holland's EEC partners because the United Kingdom and a number of other countries, including Canada, are important markets for the Dutch. This in part accounts for their liberal trade policy and their desire to avoid trade discrimination.

Some of the highlights of the Dutch economy are revealing. Consumption in the Netherlands in 1959

SELECTED CANADIAN EXPORTS TO THE NETHERLANDS

	1958		**1959**	
	Volume (metric tons)	**Value** ('000 guilders)	**Volume** (metric tons)	**Value** ('000 guilders)
Wheat	399,664	94,059	155,655	38,078
Linseed	51,094	26,245	15,996	8,063
Rapeseed	15,333	5,975	19,034	7,188
Asbestos	6,231	2,687	8,993	5,560
Iron ore	181,838	8,088	144,518	5,014
Synthetic rubber	2,085	4,571	2,155	4,491
Pulpwood	54,287m^3	2,706	66,517m^3	2,799
Aluminum and alloys	872	1,658	1,317	2,503
Wood pulp	2,020	1,177	4,345	2,304
Douglas fir lumber	9,226m^3	2,484	7,738m^3	2,111
Rye	22,395	4,451	7,241	1,409
Synthetic scents	70	1,203	85	1,398
Canned salmon	632	2,069	303	1,171
Barley	5,138	1,043	5,841	1,151
Punch-card machines	63 nos.	692	35 nos.	1,107
Tobacco	228	945	166	763
Writing paper	489	520	662	724
Cowhides	992	993	530	719
Synthetic wastes	39	172	91	630
Polystyrene	410	1,020	308	541

increased by more than 3 per cent over the previous year. The gross national product stood at 38.64 billion guilders in 1959, compared with 36.45 billion in 1958, and is expected to rise to 41.7 billion this year. Industrial production increased by 6 per cent in 1959, reflecting both greater employment and higher productivity. Unemployment averaged about 75,000 in 1959. There is now virtually a shortage of labour in some industrial sectors and talks about importing labour from Italy are under way. Imports are close to a record, at 15 billion guilders in 1959. Exports, valued at 13.7 billion guilders, were at an all-time high in 1959. Despite limited natural resources and a population of only 11.4 million, the Netherlands ranked fifth as a world trader in 1958.

The Netherlands trade with its EEC partners increased in 1959 and prospects for a further rise this year appear good. Although total Netherlands foreign trade last year advanced 10.3 per cent over 1958, trade with West Germany rose by 20.9, with France by 32.9, and with Italy by 11 per cent. About 45 per cent of Netherlands imports came from Common Market countries and the same percentage of Dutch exports went to these countries; 14 per cent of Dutch imports in 1959 came from countries in the European Free Trade Area and 24 per cent of total exports went to this group. The Netherlands most important sources of supply in 1959 were West Germany, with 20.7 per cent of total imports, Belgium and Luxembourg 18.4 per cent, the United States 11 per cent, the United Kingdom 7.6 per cent, and France 3.6 per cent. West Germany was Holland's principal market in 1959, taking 21.6 per cent of total exports, Belgium-Luxembourg 14.7 per cent, the U.K. 10.7 per cent, and France 5.3 per cent.

—UN Photo.

A barge loaded with Dutch cheeses heads down a Friesland canal to a marketing centre. The canals provide cheap and convenient transportation for farm products.

Common Market Potential

The acceleration of the internal Common Market tariffs scheduled over the next 12-18 months should mean increased trade for the Netherlands in the Euromarket. Industry, shipping, trade and other Dutch services have been geared for Common Market development. The Europort near Rotterdam, in process of development, is tangible evidence of this preparation. Holland, with a level of wages about 15 per cent below its EEC partners, has been singularly successful in attracting foreign subsidiaries in recent years. Since 1945 some 300 foreign firms have established plants of one type or another in the Netherlands, with the U.S. alone setting up 140. Because the domestic market in the Netherlands is small and its raw materials limited, the impetus for this development has come from the Common Market. The geographical location of and business acumen in Holland commend it as a springboard for sales to the Euromarket.

Canada-Netherlands Trade

Canada-Netherlands trade has grown steadily but not spectacularly in recent years. Canada is now exporting to Holland agricultural products, components and raw materials for further processing, but only limited quantities of manufactured goods. Canadian exports were valued at 127 million guilders, slightly less than 1 per cent of total Dutch imports in 1959, compared with 196 million in the previous year. Smaller wheat sales largely accounted for the decrease. The volume of Dutch purchases of Canadian wheat in the first three months of 1960 has increased sharply—to 31,963 tons from

17,699 tons in the comparable period last year. Other key Canadian exports to Holland—such as barley, asbestos, iron ore, pulpwood, aluminum—have registered encouraging rises this year. Linseed, oats, synthetic rubber and wood pulp were other important Canadian exports to Holland in the first quarter of this year.

Netherlands exports to Canada in 1959 were valued at 107 million guilders, a worthwhile rise from 95.5 million in 1958. The products entering Canada from Holland cover a fairly wide range and include electrical apparatus, machinery, metal products, textile fabrics, musical instruments, plants and bulbs, cocoa butter and paste, cheese, tin, and ships and boats. For the first two months of 1960, Dutch exports to Canada gained 7 per cent over the comparable period in 1959.

A Competitive Market

Trade in the Netherlands is highly competitive and will probably become more so as the market expands. Price is the Dutch yardstick for most purchases and must be taken into account in assessing sales potential here. Holland may very well increase in importance as a market as the EEC potential materializes, and it is and should continue to be a worthwhile market for Canadian products. The demand for raw materials and goods for further processing—such as forest products, metals and minerals, and chemicals—should advance appreciably in the next decade. In these sectors, and in wheat and grains and other agricultural products, Canada can look for continuing and in some instances larger trade with Holland in the future. As a market it merits continuous, close attention on the part of Canadian exporters.

Current Economic Outlook

Based on results in 1959, there is considerable room for conservative development in the Netherlands in the present year. Netherlands foreign exchange reserves declined by 413 million guilders to 5,056 million at the end of 1959, but almost entirely because the Netherlands surplus with the old EPU was removed from official reserves. Though the reserves of the Central Bank remained unchanged in 1959, net holdings of foreign exchange by private Netherlands banks rose sharply—from 66 million guilders to 147 million. Credit was readily available and interest rates remained low throughout the year. Total national expenditure in 1960 is expected to exceed that of the previous year under the impetus of increased consumption and industrial investment. (The increase in consumption is attributed in part to general wage increases.) The Dutch Government at the beginning of May moved to curtail credit expansion by restricting the opportunity for advanced depreciation and the tax reduction granted for investments. It is considered that currently tax incentives are not required to encourage investment. Production in Holland is high and the economic position is distinctly favourable, so that prospects for 1960 are excellent. ●

Norway

Last year saw gross national product, imports and exports rise; with purchases worth $62½ million, country became Canada's fifth largest market.

M. B. BURSEY, *Commercial Counsellor, Oslo.*

THE economic situation in Norway improved during 1959 and, following the 1958 recession, production rose in most industries. The gross national product climbed to 33,767 million kroner from 31,950 million in 1958 and is expected to reach 35,297 million this year, based on average 1959 prices.

The following table shows the distribution of the gross national product over some of the major industrial sectors in 1958 and 1959 (based on current prices) and the estimate for 1960.

	1958	1959	1960 (est.)
	(in million kroner)		
Agriculture	1,756	1,886	1,995
Fisheries	555	620	642
Forestry	966	865	919
Manufacturing industries and mining	7,814	8,295	8,731
Building and construction	2,297	2,441	2,568
Shipping	3,766	3,822	4,109
Commerce	5,659	6,077	6,268
Electric power supply	786	850	903

As the table left shows, the gross national product increased in 1959 in all major sections except forestry. The greatest expansion occurred in manufacturing and in the production of electric power. A less favourable growing season and poor fishing conditions affected output in agriculture and fisheries adversely. The shipping industry suffered from a poor market for freight carriers and a relatively large amount of laid-up tonnage.

Foreign Trade

Norway's total foreign trade during 1959 (excluding ships and shipping) was valued at 12,900 million kroner, compared with 12,169 million in 1958. Commodity exports rose by 444 million kroner to a total of 5,580 million and commodity imports increased by 287 million to a total of 7,319 million.

According to preliminary figures, when the freight earnings of Norway's shipping industry and values of imports and exports of ships, etc., are added to the above figures, the deficit in the balance of payments on current account works out at 640 million kroner at the end of 1959, compared with 1,096 million in 1958.

Export and import trade during 1959 followed the same pattern as in 1958. Exports to the United Kingdom (154 million kroner), the United States (122 million) and West Germany (105 million) increased. Imports from the following countries also rose: from Japan (40 million kroner), Netherlands West Indies (33 million), Venezuela (26 million), United States (22 million), Jamaica (21 million), and Canada (10 million).

The principal Norwegian commodities chalking up larger sales abroad in 1959 were dairy products, up 83 per cent; herring and fish, 5 per cent; canned fish products, 14 per cent and hides and skins, 26 per cent. Higher prices contributed to these increases, particularly in dairy products. These consumer goods groups, however, accounted for only 17 per cent of the total value of goods exported during 1959. The remainder of Norway's exports consisted mainly of raw materials, semi-manufactured and manufactured goods and it is in some of these groups that the substantial increase in exports is to be found. Exports of chemicals (which include fertilizers, explosives, etc.) increased by 76 million kroner during 1959 and exports of paper and paperboard by 61 million kroner, in spite of somewhat lower prices. Metals achieved the largest increase in export value—from 1,253 million kroner in 1958 to 1,473 million in 1959—as a result of greater production and a corresponding rise in export volume. This group includes iron, steel, aluminum and copper, the export prices of which were, on the average, lower in 1959 than in the previous year.

The increase in imports during 1959 took place mainly in the following groups—chemicals, from 485 to 578 million kroner; yarns, piecegoods, etc., from 463 to 543 million; and machinery and apparatus from 1,090 and 1,159 million. Imports of the following commodities declined during 1959: fruits and vegetables, from 277 to 240 million kroner; coffee, down by 59 million kroner, or 26 per cent, as a result of a considerable decline in prices; fuels, from 849 to 826 million kroner; transport equipment (excluding ships), from 447 to 382 million kroner. Imports of passenger automobiles decreased from 23,213 units in 1958 to 22,077 units in 1959.

Conditions Changing

On December 31, 1958, the European Payments Union came to an end and on January 1, 1959, Norway introduced partial currency convertibility, liberalizing imports from dollar countries. By the end of 1959 imports from dollar countries were fully liberalized, placing dollar suppliers in the same position as those from soft currency countries —with a few exceptions, where bilateral quantitative trade agreements apply.

On November 20, 1959, Norway, in conjunction with six other countries, signed a Convention setting up the European Free Trade Association. Some 17 per cent of Norway's gross national product consists of commodity exports and about 40 per cent of these exports go to the other EFTA countries (half to the United Kingdom alone). About 27 per cent go to the six Common Market countries.

As these figures indicate, Norway is concerned about any radical change in the pattern of world trade and especially of European trade. Although EFTA is commercially useful, it nevertheless leaves unprotected a sizable portion of Norway's external trade. It is difficult at this time to forecast what effect, if any, the establishment of the Inner Six and the Outer Seven groupings will have on Norway's exports, although it is felt that the benefits to be derived from its association with EFTA may outweigh any disadvantages from the formation of EEC.

Canada's Trade with Norway

In 1959 Norway became Canada's fifth largest market, taking goods to a value of $62.4 million, compared with $55.9 million in 1958. About $50 million of these exports consisted of unrefined metals (mainly nickel and copper) compared with $43.8 million in 1958. Exports of other products totalled $12.4 million in 1959 compared with $12.1 million in 1958.

Canada's exports to Norway during 1959 therefore increased only slightly over 1958. Among the commodities that had larger sales in 1959 were clover seed, tobacco, upper leather, edible beef and pork offal, commercial fishing nets, steel sheets and plates, marine engines and parts, aircraft engines and parts, mining machinery and parts, calculating machines and parts, power-operated saws and parts, motor vehicles and parts, sparkplugs, asbestos fibres, acids, medicinal preparations, synthetic resins, polystyrene, drugs and chemicals, and boots and shoes. Exports of fresh apples, rye, wheat, whisky, flaxseed, timothy grass seed, synthetic thread and yarn, shoe machinery and parts, cement and cement manufactures, and pigments decreased.

Many Canadian firms maintained their sales of certain commodities to Norway or improved them slightly during 1959 over the previous year. This slight improvement no doubt resulted in some measure from Norway's liberalization of imports from dollar countries.

The value of Canada's imports from Norway increased substantially in 1959—to $4.2 million from $3.2 million in 1958. The list of products that we buy from Norway is a long one. Some of the more important in 1959 included alloys for the manufacture of steel, wood furniture, rough steel castings, cranes of a kind not made in Canada, electric-light fixtures, undressed mink furskins, synthetic resins, firecrackers, open pleasure boats, fresh squid, and canned shrimps. Our imports of sportsmen's fishing tackle, commercial fishhooks, canned sardines, canned kippered herrings, salted herrings, and bonded grinding wheels declined in value last year.

Outlook for Trade

It is not possible at this time to forecast what effect EFTA will have on Canada's exports to Norway this year. Recent contacts with Norwegian importers and agents reveal an interest in trade with Canada, though some Canadian trade promotion has been hampered by unfavourable prices compared with those of other supplying countries. This is particularly true of supplies from European sources which benefit from lower freight costs than those from Canada.

About 10 per cent of Norway's total imports (based on estimated imports for 1960 of 7,900 million kroner) still remain on the global quota list and import restrictions still apply to most agricultural products. It is generally understood, however, that when Norwegian import licences are granted for purchases of supplies included in the global quota list, price and quality are the main considerations.

All things being equal, therefore, the outlook appears favourable for Canada's export trade with Norway to continue on the same level, with the possibility of introducing new products and increasing our traditional trade if prices are right. ●

Portugal

Portugal looks ahead to faster and more thorough industrialization and to modernization of agriculture through membership in EFTA, IBRD, IMF, and through its own Six-Year Development Plan. Lifting of dollar restrictions should open doors to more Canadian goods.

T. J. MONTY, *Commercial Counsellor, Lisbon.*

PORTUGAL pushed ahead with its economic stabilization program during 1959. As in previous years, the Government strove to maintain currency valuation and stimulate industrial development under the new Six-Year Development Plan.

One of the big events of the year that has stimulated and will continue to stimulate Portuguese industrial development was the country's entrance into the European Free Trade Association in December. Membership in EFTA will force Portugal to modernize and strengthen its economy more rapidly to meet the demands of the new situation. But because of the relative backwardness of its industry in relation to other EFTA countries, and because of its special economic problems, Portugal has been given special privileges. Industries exporting 15 per cent of their output will benefit from protective duties to be eliminated over ten years; this will be extended to 20 years for other industries. Protective duties for new industries will be authorized up to 1972—two years after EFTA is in full effect. In November 1959 Portugal amended its Customs Tariff to conform with the Brussels Nomenclature. Many articles were reclassified and import duties (particularly for some manufactured goods—machinery, vehicles, etc.) were increased substantially.

Six-Year Development Plan

Much progress was made under the 1953-58 Development Plan though a number of projects were unfinished; these will be completed under the new Plan, 1959-64. They include electric power plants, now under construction, that are expected to generate some 620,000 kw. A $100 million steel mill is being built and should come into production in 1961. Last year also brought progress on the expansion of the pulp and paper, fertilizer, petrochemical, and motor vehicle (especially trucks and heavy vehicles) industries—all of which will provide added employment.

To help finance the Six-Year Plan, Portugal set up the National Development Bank, with a capital of some $35 million. In addition, she was accepted in September as a member of the IMF and IBRD, thus making it easier to obtain funds for economic development.

National Income Rises

The gross national product in 1959 increased by about 3 per cent, compared with 1.6 per cent in 1958 and 3.8 per cent in 1957. The average for the period 1952-57 was 4.3 per cent. This decline in rate of expansion resulted mainly from a drop in agricultural production and in fisheries, though industrial production increased.

Agriculture is still basic in Portugal. Last year's production of wheat, rye, potatoes and wine was unsatisfactory; output of wine declined for the second year in succession to below the average of the past ten years. On the other hand, olive oil production improved in quantity though not in quality, and the output of cork, an important export, jumped from 131,000 to

In a Portuguese wheat field, labourers are stooking the wheat on carts, with the stalks of grain outside and the ears inside, while the patient donkeys stand by.

170,000 tons. Plans are under way to modernize Portuguese farming methods, including the use of crop rotation, soil analyses, and irrigation, and the distribution of uncultivated land.

Mineral production continued to decline, as in previous years, with wolfram, lead and iron ore suffering most.

On the other hand, manufacturing improved considerably over previous years, especially the output of electrical energy, chemicals, petroleum and metallurgical products. Textiles enjoyed increased export demand because of rationalization in the industry, stabilization of prices, and the steady supply of raw materials from the overseas provinces.

Finance and Trade

Portugal balanced its expenditure and budget revenue for the year 1959 with a surplus of 30,917 contos (one conto=1,000 escudos=$33.00).

Despite an unfavourable foreign trade balance of over 5 million contos in 1959, the balance of payments showed a surplus of 1.14 million contos. Although Portugal's balance of payments with OEEC countries is in deficit by 1.7 million contos, this is outweighed by the favourable balance with the Americas, mainly the United States and Canada (2.8 million contos). In 1958 the favourable balance of payments totalled 1.18 million contos and in 1957, 175,000.

Portugal ran a deficit in over-all trade in 1959 as in previous years. Imports totalled 13,613 million escudos and exports 8,340 million —a deficit of 5,273 million. The deficit was smaller than in the previous year by 240 million escudos because of a cut in imports of 200 million escudos and a boost in exports of 40 million.

Dollar Restrictions Lifted

Canada's trade with Portugal (merchandise trade) represents less than 1 per cent of total Portuguese trade but it is expanding steadily. In 1958 our trade with Portugal totalled 158,000 contos—a little over $5 million. This dipped slightly in 1959 to 154,300 contos, though Canadian figures show a slight rise. Although Canadian exports to Portugal over the last six years have remained relatively stationary, our imports from Portugal have gradually increased by 50 per cent between 1955 and 1959. Our shipments to Portugal have no doubt remained static because of the restrictions on dollar imports. These restrictions were lifted at the end of 1959 and Canadians should look forward to bigger sales; trade figures for the early part of 1960 show that exports to Portugal are, in fact, rising.

When considering trade balances between Portugal and Canada, the overseas territories or outer provinces are considered an integral part of Portuguese territory. These include the Azores, Madeira, Portuguese Asia, East and West Africa. Canadian-Portuguese trade for the past three years is shown in Table I. The reader will note that there is a considerable trade balance in ou favour when the overseas territories are taken into account. This trade has, in fact, been consistently favourable, growing steadily to a total of over $9.2 million in 1959 with an export surplus of $2.8 million. The surplus is the result mainly of big shipments to Portuguese Eas Africa (Mozambique) of newsprint lumber, wheat and cellulose products; imports from that territory o

TABLE I CANADA-PORTUGAL TRADE

	Imports into Canada 1957	1958	1959	Exports from Canada 1957	1958	1959
			($'000)			
Continental Portugal	2,664	2,967	3,040	2,605	2,280	3,074
Azores and Madeira	149	153	176	214	314	243
Portuguese Asia (Portuguese India, Macao and Timor)		1		461	341	358
Portuguese East Africa	41	24	18	2,139	1,334	2,022
Portuguese West Africa (Angola, St. Thomé, Cape Verde and Guinea)	33	12		219	344	317
Total	2,887	3,157	3,234	5,638	4,613	6,014

tea, nuts, sisal, etc., were almost negligible.

Table II shows that Canada's trade with continental Portugal has been growing and has been kept in balance during the past six years.

Our principal imports from Portugal in 1958 and 1959 are shown in Table III.

Table IV lists Canada's main exports to Portugal. According to DBS figures, our total sales to Portugal increased from $2,280,093 in 1958 to $3,074,431 in 1959. Bigger exports are the result mainly of increased shipments of flaxseed and tobacco, though cod sales in 1959 also rose over 1958. Sales of aluminum slumped but those of copper climbed; gas engines were replaced as an export by aircraft engines and parts; asbestos and drugs and chemicals dipped slightly, and so did our wheat-flour sales. (Because Portugal is nearly self-sustaining in wheat and other grains, flour purchases are for special purposes rather than for general consumption.)

It is difficult at present to foresee what Portugal's membership in EFTA will mean in the way of increasing trade opportunities. Undoubtedly the stimulus of opening up a market to countries more advanced industrially—as the other members of the Seven are—will require adjustments in Portuguese production and trade, and adaptations in industry and agriculture. Every effort will be made to expand national production and consumption, especially considering the fact that Portuguese trade balances are in deficit. But the measure of success achieved in boosting exports will determine how great improved trade opportunities will be. ●

TABLE II

CANADIAN TRADE WITH CONTINENTAL PORTUGAL

	Imports from Portugal	Exports to Portugal	Total
		($'000)	
1954	2,013	2,397	4,410
1955	1,999	2,393	4,392
1956	2,193	1,873	4,066
1957	2,664	2,771	5,435
1958	2,967	2,280	5,247
1959	3,040	3,074	6,114

TABLE III

CANADIAN IMPORTS FROM PORTUGAL

	1958	1959
Cork slabs and boards for manufacture	$731,422	$930,331
Cork slabs, boards, tiles, n.o.p.	264,714	400,283
Corks	108,066	93,299
Corkwood (manufactured and unmanufactured)	337,858	78,582
Wines, non-sparkling	372,683	384,987
Anchovies and canned sardines	315,314	311,807
Baler twine	196,084	138,588
Coloured cotton fabrics, n.o.p.	20,489	101,697
Brandy	85,071	88,058
Plywood, hardwood		35,275
Figs, dried, and fig paste	17,266	33,140

TABLE IV

CANADIAN EXPORTS TO PORTUGAL

	1958	1959
Cod	$531,819	$861,578
Flaxseed	392,730	669,889
Tobacco, burley	86,868	260,913
Aluminum and its products	240,738	184,621
Copper ingots, bars, billets	27,158	160,965
Iron and steel	92,258	103,731
Bait fish or shellfish		90,916
Aircraft engines and parts		77,779
Drugs and chemicals, n.o.p.	102,093	77,778
Synthetic fibre, thread and yarn	37,007	75,994
Wheat flour	99,815	72,773
Asbestos products	71,970	62,803
Films, n.o.p.	36,559	37,348
Fine nickel	5,273	31,804

Sweden

With improved markets for forest and industrial products, a balance-of-payments surplus, and rising foreign exchange reserves, Sweden is recovering steadily from the 1958-59 slump. Canadian sales climbed to $15 million last year.

A. P. BISSONNET, *Commercial Counsellor, Stockholm.*

SWEDEN is riding high on the current wave of business prosperity in Europe. The recession of 1958 and early 1959 gave way last year to a marked economic upswing and the Swedes entered 1960 with a well justified optimism. Foreign trade, the key to the Swedish economy, is expanding, and higher export earnings are expected to maintain the foreign exchange reserves at their present level. Industrial production has also climbed substantially.

Timber Products

Lumber—Sales of lumber during 1959 jumped by 20 per cent over 1958, though prices did not rise accordingly, to the dissatisfaction of producers. Total sales for the year are estimated at over 1.05 million standards. Main customers were the United Kingdom, the Netherlands, West Germany and Denmark, in that order.

Sweden's production of sawn timber declined in 1959 by 200,000 standards to 1.5 million, compared with 1.7 million in 1958. The decline in production, plus an increase in exports of sawn and planed goods from 824,000 standards in 1958 to 971,000 in 1959, helped to reduce stocks of the major exporting mills by about 90,000 standards at the end of the year—to the lowest point, in fact, since 1951.

During 1960 it is expected that Swedish production will again rise to the annual average (1954-58) of about 1.7 million standards. About 700,000 standards will probably be used domestically, leaving about one million for export. Because Swedish export sales in 1960 are estimated at about 750,000 standards, Swedish exporters should have no difficulty in reaching the one million mark. If production exceeds 1.7 million standards in 1960, the surplus will be used to replenish stocks.

Meanwhile, demand for sawn timber in 1960 has so far been extremely lively, according to reports, and by mid-April 80 per cent of Sweden's total estimated exports of sawn timber for 1960 had already been sold. This has resulted in a slackening of business for the time being. Prices are going up again and seem to be nearing the pre-1958 level.

Pulp and Paper

Pulp—The market for Swedish pulp was uncertain at the beginning of 1959, though it improved steadily as the year progressed. As a result, restrictions on output in effect in the last half of 1958 were lifted during the first half of 1959 and deliveries for the whole year reached new records. Shipments were up at the end of 1959 by more than 300,000 tons to a total of 2.7 million.

The industry anticipates a new pulp production record for 1960; most mills are now working at full capacity. At the moment, 90 per cent of the 1960 output of chemical pulp has been placed and prices are rising. Chemical pulp production during the past four years has been as follows: 1956—3.2 million tons, 1957—3.3 million, 1958—3.1 million, 1959—2.7 million.

Paper—Last year was a good one for the Swedish paper industry. With production and sales expanding, output of all kinds of paper in 1959 was estimated at about 1.85 million tons, an increase of nearly 200,000 tons over 1958. Exports in 1959 totalled 1.07 million tons —118,000 more than in 1958. The accompanying table shows how production and exports have climbed during the past three years.

SWEDISH PAPER PRODUCTION AND EXPORTS

		Newsprint	Other Paper and Board	Total
		('000 tons)		
Production	1957	432	1,249	1,681.0
	1958	449	1,233	1,682.0
	1959			1,850.0
Exports	1957	256	704	961.1
	1958	278	700	978.5
	1959	312	764	1,077.3

The 1959 export figures, as the table indicates, are 12 per cent over 1958, and though production is still running short of capacity, present orders suggest an increase in 1960 also.

According to the latest reports, orders so far in 1960 are satisfactory for most types of paper. This, however, does not include newsprint in which there is still surplus world capacity. In the latter part of 1959, prices reached stability at the lower level established during the first month of the year.

The managing director of the Swedish Paper Association states that Sweden expects to boost its paper-production capacity during 1960-1962 by nearly 600,000 tons; almost two-thirds of this will be in kraft paper and kraft liner. This program will naturally depend on completely liberalized international trade and a free economy. It goes without saying that the Swedish paper industry looks to the possibility of a bridge between the Six and the Seven.

Wallboard—Wallboard output and exports in 1959 expanded over 1958; production jumped by 24,000 tons to 557,000, and exports by 40,000 tons to 390,000.

Iron and Steel

Almost as important to Sweden as the forest industry are the iron ore mines. Although iron ore production at the beginning of 1959 was cut by 12 per cent, demand from domestic and foreign consumers improved so much during the year that deliveries were well above the corresponding period of 1958. Quantity of iron ore mined during 1959 is estimated at about 18 million tons, or at least 3 per cent more than in 1958. Contracts signed by Britain, West Germany and Belgium for deliveries in 1960 point to an increase in Swedish iron ore exports of some 20 per cent compared with last year.

Steel output and exports also broke records last year, reflecting increased demand from the engineering and building industries. By the end of 1959 most of the steel industries had enough orders on hand to keep them fully occupied throughout 1960.

Heavy Industry

Output in the engineering industries is estimated to have risen between 2 and 3 per cent in 1959, with the volume of orders on hand at the end of the year considerably higher than the year before. Because of the relatively high cost of Swedish labour, the industry has encountered severe competition in domestic and foreign markets. Despite this, exports in 1959 rose about 10 per cent above 1958.

Sweden's rapidly expanding automobile industry exported record numbers of cars and commercial vehicles in 1959—some 50,000 units, sold mainly to the United States. Prospects for 1960 are promising so far and manufacturers expect a big jump in exports of passenger cars.

Volvo's output in 1959 totalled about 89,500 units (79,000 passenger cars) valued at some Kr. 1,000 million; over half of these were exported. Total production in 1960 is estimated at over 100,000 units.

Saab's output in 1959 totalled about 18,000 cars, of which 8,600 were exported, mainly to the United States. Production during 1960 is estimated at 28,000 units and exports to the United States are expected to reach about 10,000.

Shipbuilders had a record year in 1959 both in tonnage launched and delivered. The 21 shipyards in Sweden launched 74 ships of 870,000 gross tons and delivered 74 totalling 765,000, a slight rise over 1958. At the end of December there were orders on the books for 200 vessels totalling 2.6 million gross tons. It is estimated that this will be enough to keep the yards fully employed for from 3 to 3½ years.

Agriculture

Mainly because of lack of rain in the summer of 1959 the harvest was below average for the third year in succession, though better than in 1958. The yield of bread grains was 37 per cent higher than in 1958, and yields of oats, barley and oilseeds were also larger.

The wheat crop in 1959 totalled 780,000 tons, with an estimated surplus for export of 120,000. Sweden is suffering from no general wheat shortage except of quality wheat. It was estimated that 50,000 tons of high-grade wheat would have to be imported in 1959-1960 and another 150,000 tons of all kinds of wheat.

The rye harvest in 1959 totalled 208,000 tons, providing a surplus for export of about 18,500. There is a certain demand for imported quality rye.

Of special interest to Canada is the Swedish apple crop. Following a bumper crop in 1958, the 1959 harvest was average. The market for Canadian apples in Sweden, however, depends not only on crop conditions in Sweden, but also on conditions in other European supplying countries.

Harvest prospects for 1960 are difficult to predict at the moment. However, the area under autumn sowing has increased by 26 per cent; sowing of winter wheat in particular was up 32 per cent over 1958. Sowings of winter oleiferous plants were reduced by over 37 per cent, mainly because of the drought in 1959.

Foreign Trade Improves

Sweden's balance of trade improved in 1959, and though exports were still smaller than imports, the deficit was considerably less than in the previous year. Exports rose in volume in 1959 by about 6 per cent and imports by about 2 per cent. The most important feature of Sweden's exports was the rise in shipments of pulp and paper, iron and steel, machinery and particularly motor cars; exports of iron ore declined.

Sweden boosted substantially its sales to the dollar countries, chiefly the United States, and increased two-way trade with the Soviet Bloc.

Sweden's principal trading partners are West Germany, the United Kingdom and the United States. In 1959 Canadian exports to Sweden were valued at $15 million, against $11 million in 1958. The main imports from Canada are seeds, fish, steels, copper, polystyrene, fresh apples (when the season demands), canned fruits, lobster, aluminum, nickel and asbestos. Imports into Canada from Sweden include chiefly products from the engineering industries and in 1959 were valued at $18.3 million compared with $14.1 million in 1958. Trade in 1959 between Canada and Sweden, at $33.3 million, was the highest on record.

Because of the greatly improved balance of trade, Sweden had a surplus on the balance of payments for the first time in six years. Foreign exchange reserves rose during the year, and are equivalent to just under three months' imports at current monthly averages. A high percentage of Sweden's foreign exchange reserves are in gold and convertible currencies.

Sweden and EFTA

As a member of EFTA, Sweden is concerned with the failure so far to achieve a satisfactory association between the Six and EFTA. Sweden's concern is natural because somewhat more than 30 per cent of its exports go to Common Market countries and over 35 per cent to EFTA countries. At the same time Sweden has a substantial deficit in its trade with Common Market countries, and a trade surplus with EFTA countries. It is of prime importance that Swedish industry retain as much of its market as possible on a continuing basis within the Six, although it is becoming

IMPORTS INTO SWEDEN FROM PRINCIPAL SUPPLIERS

	West Germany	Britain	United States
	(millions of Swedish kronor)		
Foodstuffs	30.2	28.4	163.2
Tobacco and beverages	4.9	12.6	55.7
Raw materials	41.1	94.3	106.4
Mineral fuels and lubricants	127.7	303.3	102.9
Oils and fats	12.3	2.4	15.9
Chemicals	257.3	145.4	146.1
Manufactured goods	625.6	449.0	199.2
Machinery and vehicles	1,443.2	583.3	446.2
Miscellaneous manufactures	276.1	96.9	71.9
Other miscellaneous	0.1	0.2	0.4
Total	2,818.5	1,715.9	1,308.1

increasingly concerned with the rapid growth of foreign investment in the Common Market compared with EFTA countries.

Sweden's import market and its domestic industry will probably suffer little change, at least during the early stages of the EFTA tariff-reduction program. In the long run, however, it is clear that there will be more scope for imports into Sweden from other EFTA countries, at the expense of goods from Common Market countries and from suppliers outside of either EFTA or the Common Market.

Effect on Canadian Sales?

Canadian exports to Sweden, composed mostly of agricultural, raw or semi-manufactured materials, should suffer little if any discrimination as the result of EFTA. This, of course, would not apply to most finished manufactured goods.

The pattern of Canadian exports to Sweden has changed little in recent years. The main Canadian products that Sweden buys are materials that can be used in local industry. As Sweden's industry has expanded and its export trade (particularly in manufactured goods) has increased, it has become a larger market for Canadian materials than its size and population indicate.

From time to time there have been interesting spot sales of Canadian manufactured products that point up opportunities in fields where Canadians may have the special knowhow, design, or type of product Sweden needs because of similarities between the two countries. This might apply, for instance, to aircraft, some types of military equipment, or engineering services. It is mainly in these specialized products that better export opportunities lie.

SPAIN

For a report on Spain, see Foreign Trade, *issue of June 18, 1960.*

Switzerland

The Swiss stepped up production, exports and imports in '59 and expansion has continued into 1960. Increased Canadian sales doubtful at present; future trade tied up with changing tariff structure in EEC and EFTA.

S. G. MACDONALD, *Commercial Counsellor, Berne.*

SWITZERLAND, like other European industrial nations in 1959, swung out of the recession into a period of vigorous economic activity that continued well into 1960. The rise in industrial production, though circumscribed by acute labour shortages, was rapid. New highs were reached last year in nearly all sectors of the economy and development in most of them is continuing this year.

The volume of foreign trade has expanded steadily. Domestic consumption, exports, and construction (mainly housebuilding) have increased. In industry, a new trend toward capital expenditure became apparent towards the end of the year and has continued into 1960.

The acute labour shortage in practically all sectors has caused concern, because many plants have not been able to operate at full capacity. Some 370,000 foreign workers (about 7½ per cent of the Swiss population) were employed in the peak month of August 1959. Even during slack periods the number of foreign employees has been high, and this fact has had a striking impact on the economy. Despite the supply of foreign workers, which is not adequate for industrial needs in many fields, there is danger that existing technical capacities can no longer be used fully.

Many new financial opportunities arose during 1959 because of the general economic stimulation. There were numerous new stock and bond issues and a record turnover in securities. There was also a general liquidity of funds for commercial and financial transactions, though a definite slowdown was felt in the latter part of 1959 because of the apparent saturation of new issues. This has continued in 1960, and financial authorities generally have taken a more conservative line than a year earlier.

Switzerland was one of the few countries that in 1959, despite the pressure of full or even under-employment and peaks of production, was able to achieve a drop in living costs. However, the trend in a number of fields seemed to be slightly the reverse in early 1960 and at the end of April there was an advance of more than 1.9 per cent compared with the corresponding date in 1959. Wholesale prices, which varied slightly during the year, closed with a small increase of 0.7 per cent at its end. Consumer prices also fluctuated, with higher rents and food costs in the latter months of '59. There was, however, a net over-all reduction at the end of the year of 0.6 per cent compared with the end of December 1958.

Foreign Trade Expands

Swiss foreign trade reflected the substantial rise in economic activity in 1959. The decline in imports that began in mid-1957 ended in the spring of 1959; since then the movement has been steadily forward. Imports, which in 1959 totalled Sfr. 8,268 million compared with Sfr. 7,335.2 million in 1958, almost reached the 1957 record of Sfr. 8,447.1 million.

SWISS TRADE, PRINCIPAL MARKETS AND SUPPLIERS

	Imports from		Exports to	
	1958	1959	1958	1959
	(millions of Swiss francs)			
West Germany	1,954.2	2,308.3	1,080.3	1,242.2
Italy	870.3	951.1	520.0	593.4
United States	836.7	874.7	657.6	814.5
France	756.7	931.5	494.0	500.9
Britain	413.3	617.1	372.0	414.2
Netherlands	362.2	388.2	240.9	286.3
Belgium	316.8	341.1	262.6	275.3
CANADA	170.2	130.6	144.3	151.8
Austria	152.8	175.7	201.9	219.5

Exports climbed to a peak of Sfr.7,274 million, compared with Sfr.6,648.8 million in 1958. Because prices of both imports and exports dipped during the year, the volume of foreign trade expanded even more than the figures indicate.

The big advance in imports stemmed mainly from mounting purchases of durable goods. According to the index of quantity, rated by value, total imports of manufactured products jumped by nearly 25 per cent, and of raw materials by 11 per cent. Of particular interest to Canada was the drop in imports of foodstuffs.

Each of the three major commodity groups shared in the export growth, with finished products leading with 90.3 per cent of total exports. Some 40 per cent of the increase, or about Sfr.210 million, was earned by the chemical and pharmaceutical industries. Textile exports also rose substantially and the industry, which had been depressed for almost two years, operated at full capacity. Machine tools and instruments suffered from a recession in the first quarter, but finished the year with bigger sales. Watch exports rose in quantity though not in value, and the buoyancy in this and in other main industries has continued into 1960. Among the main food-processing industries, cheese exports increased, though soup manufacturers lost some markets.

The growth in imports in 1959 resulted entirely from greater trade with European markets which in turn boosted purchases from Switzerland. Expansion was most noticeable in trade with EEC countries. Among these, West Germany stands out as Switzerland's leading trading partner, more so in 1959 than ever before. The EEC last year supplied 60 per cent of Swiss imports and took 40 per cent of Swiss exports. Trade with EFTA countries also climbed in 1959, particularly with the United Kingdom, whose imports from Switzerland rose substantially. Overseas trade with the United States increased but there was a decided drop in purchases from Canada and a slight rise in sales to Canada. The accompanying table gives details on Switzerland's most important suppliers and customers.

Canadian Sales Fall

The slump in Swiss imports from Canada in 1959, both in volume and value, resulted almost entirely from smaller purchases of bread and durum wheat and of primary forms of aluminum. The drop in wheat sales last year followed the record Swiss crop in 1958. That year Canadian sales reached an all-time high and we supplied 97 per cent of total imports of wheat into Switzerland. The Swiss harvested an equally large crop in 1959. This, plus the freeing of the grain trade on January 1, 1960, will affect the volume of Canadian wheat exports to Switzerland this year. Although sales in the first quarter have held up well, it is probable that shipments for the full year will decline. Offsetting to an important extent the two main reductions in 1959 (wheat and primary aluminum), there was a general increase in sales of a number of other commodities. Prospects for increased shipments from Canada in 1960 are based entirely on the competitive position of Canadian suppliers.

CANADIAN-SWISS TRADE

Exports to Switzerland

	1958	1959
	('000 Can.$)	
Wheat	13,514.6	8,462.8
Aluminum (in primary forms)	10,471.2	3,832.5
Durum wheat	6,334.7	2,792.8
Copper rods, strips and sheets	1,710.8	2,128.5
Synthetic fibre, thread and yarn	1.5	1,275.7
Barley	249.8	976.5
Drugs and chemicals, n.o.p.	504.8	557.2
Asbestos milled fibres	573.7	542.4
Bookkeeping, calculating machines and parts	230.7	529.9
Synthetic resins, n.o.p.	31.7	522.0
Radioactive materials		381.0
Wood pulp, sulphate kraft bleached	363.3	339.6

Imports from Switzerland

	1958	1959
	('000 Can.$)	
Watch-actions over one jewel	3,941.0	3,507.5
Aniline dyes, one pound and over	1,297.1	1,344.2
Medicinal preparations, dry	471.7	1,168.6
Watches over one jewel	1,254.8	1,014.5
All machinery n.o.p. and parts	530.7	992.8
All other drugs and chemicals n.o.p.	926.8	882.9
Switches, switchboards, and parts	1,461.1	682.0
Electric apparatus, n.o.p.	610.1	554.4
Watches, one or no jewel	451.4	519.3
Yarn cord fabric machinery and parts	228.8	475.4
Adzes, cleavers, hatchets, planes	227.0	430.9
Conveying equipment and parts	59.9	396.5

Among the hundreds of products exported from Canada to Switzerland in 1959, the main ones are shown in the accompanying tables drawn from DBS figures. The over-all drop in our exports to Switzerland, from Can.$29,498,618 in 1958 to Can.$26,009,622 in 1959, and imports from Switzerland, from Can.$26,968,260 to Can.$25,010,968, are illustrated largely by the products in these tables. Transhipment, times of shipment and arrival, and third-country handling account for the differences between the Canadian and Swiss statistics in this report. The comparatively close balance of trade shown by both sets of statistics, and in effect for several years, was generally maintained in 1959.

From EFTA, Where?

Switzerland as a market is at present in a state of some uncertainty. The EEC countries, especially Germany, have largely dominated the Swiss market for a number of years. The coming into force of the Treaty of Rome on January 1, 1959, and the tariff adjustments already made or planned under the Treaty; the implementation on July 1, 1960 of the first tariff reduction under the Treaty of Stockholm, whereby Switzerland became a member of EFTA, and the endeavours on many sides to achieve compatibility and a working relationship between the groups and between the groups themselves and third nations—all are creating serious problems for the Swiss industrial and commercial community. Some traditional sources of supply in the EEC group will undoubtedly be replaced by others in the EFTA group, and some sales to the former group will be reduced in favour of the latter, and vice versa.

The political and economic situation arising from the establishment of the trading groups has recently raised some doubts among the Swiss about membership in EFTA. The concern arises mainly from difficulties the two groups are having in reaching a satisfactory agreement about reductions in tariffs and other trade barriers and their timing as they affect members of each group, members of the EEC in relation to members of EFTA and vice-versa, and third countries.

Business leaders are optimistic that workable arrangements for most sectors of industry can be made, though changes in production methods, plans, etc., will be necessary. In some sectors, however, difficulties are anticipated for a few years. With the changing tariff picture, the position of third countries such as Canada as a trading partner of Switzerland is still obscure, except for essential goods. It is therefore important that Canadian exporters pay even greater attention to quality and price in future, if they are to increase or to maintain their sales to Switzerland. ●

West Germany

Industrial production and foreign trade expanded last year; foreign capital flowed into the country. Canadian sales down in 1959 but outlook good; coming tariff changes should not affect our principal exports to Germany.

J. A. STILES, *Commercial Counsellor, Bonn.*

WEST GERMANY is currently in the midst of a period of strong economic expansion. A decided business upswing in the past year was brought on by the continued building boom, increased investment in industry, and the steadily rising foreign demand for German products, particularly capital goods. The gross national product showed a real increase of 5 per cent in 1959 compared with 2.8 per cent in 1958. The outlook for 1960 is for a further increase of 5 per cent, provided that the boom can be kept under control and economic stability maintained.

Industrial production in the first four months of 1960 averaged 12 per cent above the level of a year ago. Practically all branches of industry registered advances, including steel and textiles, both of which experienced difficulties last year. The one important exception was the coal-mining industry which continues to be adversely affected by increasing competition from oil.

Serious economic problems have gone hand in hand with these favourable developments. The shortage of workers in Germany is giving concern and it is evident that the large labour reserves which contributed so much to postwar recovery are practically exhausted. At the end of March 1960, against 453,000 vacant jobs there were only 256,000 persons seeking work, or 1.3 per cent of the labour force. With this in mind, the Government has been intensifying its efforts to facilitate the employment of foreign workers, particularly from Spain and Italy.

During the past year, there have been numerous contract negotiations in which wage and salary earners demanded—and in most cases received—substantial pay increases. The metalworkers' union is currently seeking a 10 per cent wage increase for one million men in the steel and engineering industries and it appears certain that other claims will follow.

This German-made bus being loaded at a Hamburg dock is en route to an overseas customer. West Germany turned out 1.7 million motor vehicles last year and over 50 per cent of them were shipped to foreign markets.

Despite these pressures, the price levels in Germany have so far remained remarkably stable. But the existence of a potentially inflationary situation caused the Central Bank in the last few months to institute restrictive measures. The discount rate was raised from 2¾ to 4 per cent and the obligatory minimum reserves of the commercial banks were increased several times. This latter action resulted in DM4,500 million being taken out of circulation between November 1959 and June 1, 1960.

The credit squeeze of the Central Bank has had the effect, however, of discouraging exports of private capital which the Government wishes to stimulate to offset the chronic German payments surplus. The commercial banks in many cases found it necessary to repatriate short-term funds from abroad to meet their minimum reserve requirements and to take advantage of the more attractive domestic money rates. The net result is that Germany's already high foreign exchange reserves are again rising; by the end of April they had reached DM25.3 billion, or 3.4 billion above the lowest level of last year. During the year Germany's restrictive monetary policy was discussed in various international organizations and the opinion expressed that other measures than raising the discount rate might have been of more assistance to Germany and her foreign trade partners.

Foreign Trade Expanding

Germany's foreign trade showed further vigorous growth in 1959. Exports reached a new peak of DM41.2 billion, an increase of 11.3 per cent over 1958, and imports expanded by 15.1 per cent to reach DM35.8 billion. Germany's 1959 export surplus of DM5.4 billion was thus the second highest in the postwar years. Nearly half of last year's additional exports were in three industrial groups—chemicals, vehicles, and electrical engineering products. Chemical sales abroad rose 19 per cent over 1958, vehicles 16 per cent, and electrical engineering products 17 per cent. The granting of longer credit terms appears to have played an important part in the increase in exports of German capital goods, particularly to the developing countries. That this trend is likely to continue is indicated by the recent raising of the ceiling for Hermes Export Credit Guarantees from DM9.5 to DM12 billion, and for investment guarantees and certain long-term export credits from DM2 to DM5 billion.

The growth in Germany's imports in 1959 is mainly the result of the rising business tempo here rather than the first tariff reduction of 10 per cent made on January 1, 1959, under the provisions of the Common Market Treaty. Germany had already reduced its tariffs by 25 per cent in 1957 and thus had very few tariff changes to make last year. But the psychological effect of the evolving Common Market has been important and appears to have spurred on Germany's Common Market partners to seek a better share of the market in anticipation of future developments. France, for example, was able to increase its exports to Germany in 1959 by 35 per cent and Italy by 29 per cent, compared with the general increase of 14 per cent for the combined Common Market countries.

Germany's imports of industrial finished goods are becoming more important. Last year's growth ratio for imports of such products was 22 per cent, compared with 14 per cent for foodstuffs and 6 per cent for raw materials and semi-finished goods. In 1959 finished goods represented 30 per cent of total imports, compared with 27 per cent in 1958 and only 13 per cent in 1950. German imports of motor vehicles and steel sheets particularly have gained in importance.

EEC and EFTA

A noticeable effect of the European Common Market in the past year was the growing trend among foreign firms towards establishing branch plants in Germany or making licensing agreements with German companies. United States firms producing fully manufactured goods were particularly active in this way; the result was substantial new capital invested in German industry.

The decision at the end of 1959 by Britain, Sweden, Norway, Denmark, Austria, Portugal and Switzerland to set up among themselves a Free Trade Area (EFTA) on July 1, 1960, has been much discussed in Germany in recent months. Many fear that this move will split Europe into two rival trading blocs and there is general agreement in local government and business circles that such a development should somehow be avoided. Germany's exports to the EFTA countries and to the Common Market countries are approximately equal in value. It is therefore likely that, in the negotiations between the two groups later this year, Germany will be pressing strongly for a solution which will enable traditional trade patterns to be maintained and expanded, rather than restricted.

Meanwhile, Germany has agreed to the acceleration of the plan for the development of the Common Market which this year will involve a further 20 per cent internal tariff cut by the Six. The 25 per cent tariff reductions already made unilaterally in 1957 by Germany mean that, so far as the other Common Market countries are concerned, comparatively minor German tariff changes will be required this year. More serious from the Canadian point of view is the decision to move towards the adoption of the Common Market external tariff by the end of 1960, a year earlier than originally planned. This tariff is largely based on the averaging of the January 1957 duties of the six Common Market countries, and the net effect for Germany is that the duties against many of the products from "third" countries must be raised.

Trade with Canada

Fortunately, the duties on many of the industrial raw materials that Canada supplies to Germany have been set at zero or reasonably low, so that the majority of our sales should not be adversely affected by this development. The alignment of national tariffs of the Six towards the common external tariff will not apply to agricultural products. The import of wheat and other grains of particular interest to Canada will be subject to special regulations, the details of which are still under discussion. German agricultural officials believe, however, that the demand for Canadian hard wheat will remain strong.

German exports to Canada in 1959 rose 20 per cent over 1958 to reach a record $126.6 million. The growing strength of German industry in the last five years is reflected in the more than doubling of German exports to Canada in that period. The table (left) shows the rapid increase in shipments of German cars to Canada. Other important German exports to Canada have been machinery, rolling mill products, technical instruments, cameras and a wide range of other fully manufactured goods.

GERMAN EXPORTS TO CANADA

	1955	1957	1958	1959
	($ million)			
Cars and parts	6.4	22.9	30.5	37.7
Other	49.2	74.7	75.4	88.9
Total	55.6	97.6	105.9	126.6

CANADIAN EXPORTS TO GERMANY

	1957	**1958**	**1959**
	($ million)		
Wheat	53.5	47.5	51.6
Non-ferrous metals	21.1	33.9	27.5
Iron ore	8.3	6.1	5.2
Asbestos	7.6	6.3	8.5
Oilseeds	3.0	3.4	0.5
Wood pulp	2.8	2.5	3.2
Aircraft and parts	11.1	66.7	3.9
Other	44.3	35.5	29.2
Totals	151.7	201.9	129.6

Canadian exports to Germany declined from $201.9 million in 1958 to $129.6 million in 1959, largely because of the virtual completion of deliveries of an order for jet aircraft to Germany which in 1958 totalled $66.7 million. In addition, there was some weakening in our sales of non-ferrous metals resulting from the general slackening in business in 1958 and the large existing stocks. Our sales of oilseeds were affected by competition from the more competitively priced soybeans.

As in previous years, Canadian exports to Germany in 1959 were concentrated in a comparatively narrow range of products. Some 83 per cent of the total was accounted for by wheat, wood pulp, asbestos, iron ore, aluminum, other non-ferrous metals, synthetic rubber, and polystyrene. In 1959 Germany made further progress in its liberalization of imports from the dollar area, but most of the products concerned were of relatively little interest to Canada or had already enjoyed substantial import quotas and thus did not affect our total sales volume to this market. The remaining import controls affecting Canada are largely in the agricultural field and there appears to be little likelihood of their removal in the near future.

Outlook

All economic indicators point to a continuance, at least through the coming year, of the present prosperity in Germany. For Canadian exporters this means an increased demand for many of the industrial raw materials that can be readily supplied from Canada—assuming that our prices, quality, and service are as competitive as they have been in the past. Nor should the increased possibilities for selling finished goods in this market be overlooked as the standard of living here moves steadily upward. The recent and planned European integration moves will undoubtedly mean stiffer competition for Canadian firms in the future. But it is important to remember that the details of these developments are still being worked out and may well be altered considerably as a result of international discussions. The natural trading partnership between Canada and Germany gives reason to expect that mutually satisfactory German-Canadian trade arrangements will, in the long run, be developed. ●

Yugoslavia

Lack of foreign exchange and state-trading arrangements limit Canadian sales, but some machinery and equipment, raw materials, certain agricultural products should find market, as Yugoslav industry grows and agriculture adopts modern methods.

P. A. FREYSENG, *Assistant Commercial Secretary, Vienna.*

THE year 1959 was a good one for Yugoslavia. Official statements and statistics confirm that the targets set by state planners were achieved in many fields and the Five Year Plan, which ends in 1961, is somewhat ahead of schedule. The country functions under a system that combines some of the characteristics of free-market and of centrally planned economies. Production and trading enterprises, for example, are publicly owned and subject to overall planning, but they have a considerable amount of autonomy and may compete with one another to some degree.

Industrial Output Rises

The Yugoslav Institute of Economic Planning calculates the gross national product for 1959 at 5,488 billion dinars*, 16 per cent more han in the preceding year. Prime actors in this growth were an exremely good harvest and further increases in industrial output. Industry produced 2,458 billion dinars worth of goods in 1959—13 per cent more than in 1958 and 47 per cent more than in 1956. In the manufacturing field, production of semi-finished materials increased in value by 15.9, capital goods by 16, and consumer goods by 12 per cent. In terms of physical volume, the chemical products, electrical apparatus, woodworking, metal machinery, food processing and shoe industries achieved the largest production increases. The iron and steel, building materials, textile, rubber and shipbuilding industries reported considerably smaller increases; the tobacco industry suffered a marked decline. As for minerals, copper and aluminum production increased by 14, oil by 18 and coal by 11 per cent. Despite the fact that electric-power production is said to have increased by 10 per cent, Yugoslav consumption is still outpacing new production, to the detriment of industrial expansion. The building industry too failed to keep pace with the heavy demands upon it.

Agriculture Prospers

In 1959 agriculture had an outstandingly successful year, the result of increased investment in fertilizers, improved seeds, greater mechanization and good weather, Record wheat, maize and sugar-beet crops were harvested—wheat 4.3 million tons, maize 7.0 million, and sugar beets 2.5 million. The value of the 1959 crops was 24 per cent higher than in 1958. The Government has announced that as a result of these record harvests, imports of wheat, sugar and fats will be eliminated. Up to the present, agricultural surpluses (mainly wheat) from the United States have accounted for an important part of the visible trade deficit. Yugoslavia used to import approximately 700,000 to 800,000 tons of wheat annually from all sources. Now these imports will probably be eliminated.

Thanks to the spread of systematic fattening methods and the expansion and increased imports of pedigree stock, Yugoslavia's livestock production also rose in 1959. The country now has 5.0 million head of cattle, 5.7 million pigs, 11.2 million sheep, and 27.5 million poultry. This made possible the marketing of 540,000 tons of meat last year, some 7 per cent above 1958, according to Yugoslav sources.

Capital Investment

Among the reasons for the large increases in production in 1959 were the heavy rate of capital investment, the expansion of exports and, to a lesser extent, the rise in consumer spending. Capital investment totalled 700.5 billion dinars, considerably above the estimates in the 1958 plan and 156.1 billion more than last year. Some 31.2 per cent of the total 1959 investment was spent on manufacturing and mining, 18.7 on transportation, 16.0 on agriculture, and 13.7 on housing and public utilities. Yugoslavia is simultaneously erecting eight hydro-electric and six thermal-electric power plants, five large chemical plants (including a fertilizer plant), and at least eight sugar refineries. A new 500-ton steel plant was put into operation in August at Zenica. The first Yugoslav atomic reactor, using enriched uranium, went into operation late last year. Investment in new plants was directed to some extent to under-developed areas, particularly Macedonia and Montenegro.

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*The official rate of exchange is 300 inars to the U.S. dollar, and this is used in official Yugoslav statistics. However, the ettlement rate at which Yugoslav importers uy United States dollars is 632 dinars to he dollar.

Consumer Market Expanding

Yugoslavia presents a consumer market of some 18 million people, half of whom still are on the land, with a relatively low standard of living. The year 1959, however, saw a definite increase in consumer purchasing power with a consequent influence on both retail trade and imports. The total number employed increased by 7 per cent to 3.2 million and their wages rose by 23 per cent to 641.8 billion dinars. Farm income rose by 11 per cent to 200 billion dinars. This movement of income meant a vigorous growth in personal spending. Retail trade rose 15 per cent in value to 976.2 billion dinars. Despite these pressures, retail prices remained relatively steady. Despite, too, the potential rise in consumer spending power, the range of products remained relatively small. Meat consumption per capita rose from 21 kilograms in 1958 to 24 kilograms in 1959. In 1959 there were only 13 radio sets per 1,000 inhabitants.

Foreign Trade

Last year Yugoslavia's foreign trade reached a total value of 348.2 billion dinars, only about 3.0 per cent above 1958 but 45 per cent more than in 1956. Foreign trade is now carried on by some 500 different state-owned enterprises specializing in various fields and competing with one another. For example, there are some seven state-owned trading firms importing chemicals only. There is no customs tariff as yet, though Yugoslavia is bound by its recent association with GATT to produce one. Instead, through a system of multiple exchange rates the Government is able to discourage undesired imports and to stimulate those it wishes to encourage. A coefficient is established for each type of commodity and the basic rate of exchange is multiplied by this coefficient to arrive at the buying and selling rates for foreign currencies in each export or import transaction.

The foreign exchange position in Yugoslavia presents a perennial problem, but there was some improvement last year. The commodity deficit reached 62.8 billion dinars and there was a favourable balance of 20.2 billion on non-commodity earnings. Over a period of three years, however, exports have been rising steadily and imports have been held level by government action.

Exports Analyzed

Exports in 1959 totalled 142.7 billion dinars in value, 8.1 per cent above the 1958 level and over double that of five years ago. Last year some 46 per cent of Yugoslavia's exports went to West European countries, over 30 per cent to Eastern Europe including the U.S.S.R., 15 per cent to Africa and Asia, 7 per cent to North America, and slightly over 1 per cent to Latin America. The notable trends were a considerable increase in shipments to Eastern European countries, the enhancement of exports to Asian and African countries (some financed on long-term credit), and a decline in export business with Western Europe. Last year the country's leading customers were Italy, the U.S.S.R., West Germany, the United Kingdom, Poland and the United States.

Three-quarters of Yugoslav exports were made up of industrial goods, particularly capital machinery, ships, minerals, leather goods, and finished foods; agricultural exports constituted somewhat over 20 per cent of the total and forestry products nearly 4 per cent. The noticeable trend was a sharp rise in industrial exports and an equally significant drop in agricultural shipments because of the poorer wheat and corn crops in 1958.

Import Trade

Imports remained at the same figure as in previous years, 205.5 billion dinars. Some 42 per cent of these came from Western Europe, 25 per cent from Eastern Europe, over 20 per cent from North America, nearly 10 per cent from Asia and Africa, and the remainder from Latin America and elsewhere. Imports from Eastern Europe fell last year but those from Western Europe and North America increased. The United States is the leading exporter to Yugoslavia, followed by West Germany, Italy, the U.S.S.R. and the United Kingdom.

Nearly 75 per cent of imports are made up of industrial products, such as chemicals, minerals, capital machinery, and finished foodstuffs; over 23 per cent of agricultural products, including agricultural raw materials; and approximately 2 per cent of forestry products. Last year imports of chemicals, particularly of fertilizers, increased sharply. Purchases of machinery and electrical apparatus declined. Nevertheless, machinery and transport equipment remained the largest single heavy items.

Canadian Trade

Canada exported $2.6 million worth of goods to Yugoslavia in 1959, an increase of about $2.4 million over 1958. This was mainly the result of fairly large purchases of aluminum; it made up nearly three-quarters of Canadian sales to Yugoslavia last year, despite the fact that there is a domestic aluminum industry producing some 20,000 tons of ingot a year. The future expansion of this industry, however, is hampered by the need for electricity, despite the fact that demand is growing. Other leading

Canadian exports to Yugoslavia were asbestos, hides, drugs and chemicals, and seed corn.

Yugoslav exports to Canada decreased in value in 1959 by approximately 30 per cent to $565,000; the trade deficit vis-à-vis Canada in 1959 thus reached more than $2 million, although in previous years there was often a trade surplus. Canadian imports from Yugoslavia included such products as dead burnt magnesium, plumber's brass, copper tubing, brooms and broom corn, spices, alcoholic drinks, leather goods, sporting goods, watches, wooden furniture, carpets and nails. Yugoslavia's expanding production may well include additional products of interest to Canadian importers in the future. A Commercial Secretary was appointed to the Yugoslav Embassy in Ottawa in 1959 and a branch of INTERPROGRESS, a large Yugoslav trading enterprise, was opened in Montreal early this year.

Outlook for 1960

The Economic Plan of the Government of Yugoslavia for 1960 gives the key to conditions in the next few months. The gross national product is expected to rise by some 12 per cent and industrial production should increase by 14 per cent. Considerable increases in the electric power, coal, oil, steel, copper, aluminum, artificial fertilizer, shipping, cement, tractor and timber industries are planned. Turning to consumer goods, production is expected to rise in the radio, textile, shoe and sugar industries. Agricultural output is to increase by 1.3 per cent, the cereals harvest is expected to produce 4.3 million tons of wheat as in 1959, but corn will decrease somewhat. Livestock production will go up 20 per cent and meat output 30 per cent.

Exports worth 175.2 billion dinars are expected, some 20 per cent above 1959, with emphasis on agricultural products. Imports as a whole will rise slightly, but with particular emphasis on the raw materials sector, where a rise of 22 per cent is foreseen. Imports of materials and equipment for agriculture will expand by some 35 per cent. Substantial savings on food imports (particularly the elimination of wheat, fats, and sugar from the import list) will offset increases in other imports and the trade deficit should be considerably smaller.

Gross investment is set at 878.0 billion dinars, up 7.7 per cent. Investment in capital equipment will be greatest in the industrial, agricultural and transportation fields. There will be a continued concentration on underdeveloped areas.

Opportunities for Canada

Although Yugoslavia's economic position appears to be improving, trade with that country continues to be handicapped by a lack of foreign exchange. Export opportunities for Canadians are limited because some imports are made under economic aid from abroad and others under bilateral trading arrangements with other state-trading countries. Despite these limitations, Yugoslavia offers a market for some Canadian products, particularly agricultural machinery and equipment, seeds, and pedigreed livestock and poultry. Raw materials such as minerals and metals are of interest to its growing industry. Machinery and equipment (particularly for the forest products, metal and chemical industries) may also find markets. Chemicals are of less interest and consumer goods have considerably less chance, not only because the standard of living in Yugoslavia is still relatively low but also because competition from Western Europe is stiff.

To sell in Yugoslavia, Canadian firms might consider a visit to this market in order to meet officials of importing enterprises as well as the end-users of their particular product. For capital goods at least, Canadian firms should be prepared to discuss credit terms. In addition, licensing arrangements for manufacturing certain products might be considered. Canadian firms should quote prices f.o.b. Canadian port, c.i.f. North European port and c.i.f. Rijeka or Trieste, if possible. This is because the Yugoslavs prefer to arrange their own transportation in order to save dollars. Starting last April, there is a direct shipping connection in summer between the Great Lakes and Rijeka, the principal port of Yugoslavia.

The Commercial Counsellor and the Assistant Commercial Secretary at the Canadian Embassy in Vienna, who make regular visits to principal commercial centres in Yugoslavia, will be pleased to advise Canadian businessmen about trade opportunities in that country and how to capitalize on them.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and added to the list.

In Belgium—The chef himself prepares these Canadian lobsters for gourmets eating at the famous restaurant in the Kursaal d'Ostende, one of Belgium's best known entertainment centres.

In Norway—From one skiing nation to another: a Canadian muskeg tractor carries (and tows) Norwegian skiers up the slopes. The tractor is equally at home in marsh or muskeg.

Canada in European Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".

In France—This picture taken in a warehouse at the port of Le Havre shows French stevedores, with their distinctive berets, unloading bags of asbestos recently arrived from Canada.

In West Germany—The Canadian Consul, second from left, examines Canadian apples displayed for prospective buyers in the pre-auction room of a fruit-unloading shed at Hamburg.

European Trading Arrangements

A review of developments within the European Economic Community in the past twelve months, of the birth and progress of the European Free Trade Association, and of the proposals for a remodelled OEEC.

WILFRID LAVOIE, *International Trade Relations Branch.*

THE emergence of regional trading arrangements has become of increasing significance in Western Europe. The European Economic Community has proceeded rapidly towards the implementation of the Rome Treaty and its acceleration has been approved by the Council of Ministers of the EEC. On November 20, 1959, a new Convention grouping seven European countries in a Free Trade Association was signed in Stockholm; it came into force on May 3, 1960, and calls for the first internal tariff cut on July 1. Simultaneously, an attempt is being made to channel these arrangements in an outward looking direction. In effect, a new initiative has been launched to strengthen and reshape the arrangements for European economic co-operation to reflect changed economic conditions. This is expected to lead to a new organization for economic co-operation and development in Europe, with Canada and the United States as full members. The following notes review these developments as they may affect Canadian interests generally and in particular the terms of access for Canadian exports to our major markets in Western Europe.

EUROPEAN ECONOMIC COMMUNITY

The Community of Belgium, the Netherlands, Luxembourg, France, Germany and Italy is proceeding rapidly with the setting up of a Common Market of some 165 million people, with a common tariff and common economic policies towards the outside world. These arrangements are to be implemented over a period of some twelve years. (For details of the arrangements, see article in *Foreign Trade,* June 22, 1957.) The first step in the elimination of tariffs and quantitative restrictions on trade among the EEC countries was taken on January 1, 1959. The second step in the lowering of tariffs within the area is scheduled for July 1 of this year, and the second stage in the reduction of quantitative restrictions between member states was taken on January 1, 1960. The benefits of quota increases were extended in large measure to third countries. The Community institutions have adhered fairly closely to their planning, not only in the dismantling of internal trade barriers but also in the formulation of their future common policies. The Ministers have approved a customs tariff for imports into the Community. The European Commission has submitted proposals for a common agricultural policy to the members and institutions of the Community for examination and approval. The European Parliament is preparing proposals for its own election by direct universal suffrage. It has also been proposed that in two years' time the three executives of the Common Market, Euratom and the European Coal and Steel Community be replaced by a single executive. Finally, because of the high level of economic activity in the Community and in answer to growing internal pressures to speed up the process of integration, the Council of Ministers of the EEC at its meeting in Luxembourg on May 12, 1960, reached important decisions on acceleration.

Acceleration Arranged

The main significance of the decisions is that by the end of 1961 internal tariffs among the Six will have decreased by 50 per cent, all quantitative restrictions will have been abolished on industrial products originating within the area, and the first step in the adjustment of national tariffs towards the level of the common tariff will have taken place one year before the date scheduled in the Treaty time-table.

The reader will recall that on January 1, 1959, the internal tariffs of the Six were reduced by 10 per cent. The Council has agreed that the second internal tariff reduction among member countries—scheduled for July 1 this year—will be 20 per cent instead of 10 per cent as envisaged under the Treaty; the implementation of the additional 10 per cent may be postponed until the end of the year. A further acceleration is also planned for December 31, 1961, (20 per cent instead of 10 per cent) but subject to a decision by the Council before July 1961. Assuming that the accelerated cuts are made as scheduled, the Common Market countries will have reduced tariffs among themselves by 50 per cent in the first four years of the agreement instead of by 30 per cent as the Treaty provides. In the agricultural field there are also plans for acceleration but these relate only to 1960 and are somewhat less extensive.

As for the common tariff, the Ministers have agreed to speed up the movement of national tariffs towards the level of the Common Market tariff by one year—that is, from December 31, 1961, to December 31, 1960. (These provisions for acceleration will not apply to certain agricultural products nor to certain German tariff items.) Although this first alignment will involve some decreases in rates of individual tariffs which are at present above the proposed common tariff, it will also involve adjustments upwards of the national tariff rates of the low-tariff countries of the Six—Benelux and, to a lesser extent, Germany—which absorb about 70 per cent of our exports to the EEC.

The adjustment in acceleration outlined above will be made on the basis of the proposed tariff reduced by 20 per cent. The Commission may, however, decide that reductions shall not be applied to products on List "G" considered "sensitive" by a particular member country.

The Ministers also decided that, as with the first internal reduction on January 1959, the second reduction of July 1 may also be extended to outside countries on a most-favoured-nation basis, provided there is no encroachment on the established common tariff and subject to reciprocity. Similarly, the consolidation in whole or in part of the reduction of the common tariff by 20 per cent will be made at the Tariff Conference, provided reciprocity is forthcoming from third countries. Further, in a declaration of intention concerning its foreign relations, the Council of Ministers indicated that it was prepared to conduct active negotiations with the group of states of the Paris Trade Committee in the context of the principles of the GATT. In particular, eventual negotiations with the Seven should be directed towards the maintenance and improvement of the present trade relations between the Six and the Seven. They recalled their decision of November 24, 1959, in which they proposed the creation of a Contact Committee which would keep under consideration trade developments among European countries.

Rome Treaty in GATT

The provisions of the Rome Treaty are under continuing examination in the GATT. To be consistent with GATT, the common tariff and other arrangements of the Common Market must not create new barriers to the trade of outside countries and any impairment of the present terms of access bound under the GATT must be compensated. However, as the details of the main provisions of the Rome Treaty were not expected to be available for some time, it was agreed to set aside the legal issues for the time being and to direct attention to specific problems that might arise out of the Rome Treaty and affect the trade of third countries. In that context, detailed discussions were held last December on aluminum, lead and zinc and the effects of the association of the overseas territories with the Community on international trade in these commodities. Canada entered actively into this work with a view to safeguarding Canadian trade interests.

Further, the common tariff, which constitutes the major aspect of the new Community for the trade of the outside world, has now been worked out and will be subject to renegotiation with the member states of the EEC during the first phase of the Tariff Conference next September. In March 1960 the EEC countries approved the rates of their proposed Common Market tariff, including those for the products enumerated in List "G". In this latter instance, the Ministers provided also for the possibility of tariff quotas at free or reduced duties, in particular for wood pulp, some ferro-alloys, aluminum ingot and scrap, magnesium, and lead and zinc metal.

The EEC has indicated its intention to take an active part in the second phase of the Tariff Conference beginning January 1961 which will be taken up with negotiations among the Contracting Parties for new concessions—including concessions in its common external tariff. An important aspect of this Conference is related to the existence of the EEC and EFTA in Europe and the problems that will arise as the internal tariffs of each group are eliminated. To the extent that the tariffs of the Six and Seven are reduced at the Tariff Conference, the difficulties between the two groups will be eased. A development along these lines would also benefit third countries because the tariff reductions will be extended on an m.f.n. basis.

At the end of 1959, the European Commission submitted its first proposals for a common agricultural policy to the institutions of the Community for their comments. It is expected that the final proposals will be known by the end of this year and will be submitted to the GATT countries for their examination before approval by the member countries and adoption by the institutions of the Community. These proposals envisage the continuation of protective trading arrangements in agricultural products within the Community (including the use of centralized marketing arrangements for some products) and the imposition of import levies to protect the European agricultural economy. Many quarters both inside and outside the Community have expressed serious concern and it remains to be seen how protective the arrangements to be adopted ultimately will be.

Association with the Six

Another aspect of the activities of the Community of special interest to Canada is the probable association of Greece, Turkey, the Netherlands Antilles and Tunisia with the Community. At the beginning of the year, the Community reaffirmed its readiness to start negotiations on the association of Greece and Turkey and agreed on the procedures that should guide the negotiations. Similarly, the Commission has begun a study of the problem of associating the Netherlands Antilles with the Community and procedures are expected to be agreed on shortly. Exploratory talks between Tunisia and the Commission, in agreement with member countries, opened in June 1959 to examine possible relations between Tunisia and the Community, taking into account GATT rules.

As for the associated overseas territories of the Community (those of France, Belgium, Italy and the Netherlands), a European Development Fund was set up to promote both the social and economic development of these territories. Total spending by the Fund over a five-year period is expected to exceed $581 million. The assistance granted to date totals approximately $69 million.

Formal Relations Established

In April 1960, Canada established formal relations with the Community by accrediting the Canadian Ambassador to Belgium and Luxembourg as the Head of the Canadian Mission to the European Economic Community, as well as to Euratom and the European Coal and Steel Community. At the beginning of February, 13 countries had accredited representatives to the EEC: the United States, Canada, Greece, Israel, Denmark, Japan, Sweden, Switzerland, the United Kingdom, Norway, Ireland, Austria and Portugal.

EUROPEAN FREE TRADE ASSOCIATION

The EFTA group—which includes the United Kingdom, Austria, Denmark, Norway, Portugal, Sweden and Switzerland—ratified a Convention for a free trade area among themselves in Stockholm on May 3, 1960. The decision to establish a Free Trade Association followed the breakdown of negotiations for a Europe-wide industrial free trade area at the end of 1958. Negotiations were initiated among the Seven in March 1959 and on November 20 a Convention establishing the Association was signed in Stockholm. Geneva has been chosen for its headquarters and a small secretariat is being set up to carry on the administration of the Stockholm Convention.

The Convention for the European Free Trade Association provides for the progressive achievement of free trade among the seven countries through the removal of tariffs and other trade barriers over a period of ten years. The first 20 per cent tariff cut among themselves is scheduled for July 1. As this time-table has been designed to facilitate the re-opening of negotiations with the EEC at any time, the EFTA countries have initiated a study examining the acceleration of their time-table to keep in step with the EEC. Unlike the EEC, there is to be no common tariff around the EFTA and, subject to certain provisions for consultation, each country will be free to maintain and to alter its own tariff and to pursue a generally independent commercial policy. The Seven are not aiming at complete economic integration. Non-European overseas territories of the member countries are not included in the arrangement. Most agricultural and some fisheries products are excluded from the application of the general program for the progressive elimination of tariffs and quotas within the Association, and the conditions of trade in these products are to be the subject of bilateral agreements among signatories to the Convention. A number of bilateral agreements have already been concluded between member countries to "facilitate" trade in agricultural and fisheries products.

Convention in GATT

As with the Rome Treaty, the Contracting Parties to the GATT made a detailed examination of the Stockholm Convention in the light of the relevant GATT provisions during their 16th Session in May. The examination was not completed, however; some questions remain open for further discussion at the 17th Session in October. The first examination focussed mainly on arrangements for agricultural trade, on the use of quantitative restrictions, and the implications of the British and Portuguese preferential tariff systems. The Contracting Parties wished to satisfy themselves that the Association would conform to GATT criteria for the establishment of a free trade area. As with the Rome Treaty, Canada felt that it was important to ensure that these arrangements would not involve new discrimination inconsistent with the provisions of the General Agreement and that her interests in the United Kingdom market and the other EFTA markets should be safeguarded to the fullest possible extent.

Recent Decisions

The Ministers of the seven countries of the European Free Trade Association met in Vienna in March 1960 and in Lisbon in May to discuss questions connected with the implementation of the Convention. They reaffirmed in particular their determination to promote an economically united Europe by removing trade barriers between the European countries and to pursue liberal commercial relations with other countries. In Lisbon, the Ministers added that the EEC and EFTA could reach agreement while "safeguarding the integrity" of the two groups.

On tariff matters, they indicated again that they were prepared to discuss extending to the Six and to other countries on a most-favoured-nation basis the internal tariff cuts they are due to make on July 1, to the extent that the Six are prepared to offer reciprocity. The Ministers suggested that the consolidation of this extension could then be considered in the light of the results of the Tariff Conference in which the member states of EFTA intend to participate actively.

OEEC RE-ORGANIZATION

The economic meeting which was convened in Paris last January by the Heads of Government of the United States, the United Kingdom, France and Germany initiated a program of work which is now being carried out in three groups. At that time, the twenty participating governments (among them Canada and the United States) recognized that the economic recovery of Western Europe had largely been completed and that the industrialized nations of the Free World could devote an increasing amount of their energies to the new and important tasks of furthering the interests of the less developed areas and pursuing trade policies directed towards maintenance of harmonious international relations. They therefore reached agreement on matters of great importance to future economic co-operation in the Free World.

It was decided to work together for the establishment of a remodelled OEEC, of which Canada and the United States could be full rather than associate members. The OEEC was set up in 1947 to ensure the most effective use of U.S. economic aid to Europe and to promote postwar recovery through European economic co-operation. Canada and the United States became associate members of the OEEC in 1950, reflecting the contribution that both made to European recovery and their interest in their relations with Western Europe. The intergovernmental meeting in January appointed four experts to examine the problems of OEEC reorganization. The report from this Group of Four was considered at the Paris meeting on organization on May 24-25. A working party was set up with the task of drawing up a draft Convention in the light of the Group's report and of other proposals submitted by member countries. This working group is to report by July 10, before a proposed Ministerial Conference towards the end of July.

Trade and Aid

The January meeting also set up special committees to deal with the pressing problems of European trade and aid to the less developed countries. The purpose of the trade committee embracing twenty governments (including Canada) is to examine, as a matter of priority, the problems of commercial relations between the Six and the Seven with due regard to the commercial existence of third countries and the main objectives of the GATT. The establishment of the two regional trading blocs in Western Europe has created special problems in commercial relations between the groups themselves and vis-à-vis outside countries, with effects running far beyond the economic field. Canada stressed to the members of the Committee that, however grave these problems, solutions should not be based on economic action that would discriminate against outside countries. Third countries should share in the benefits in terms of reasonable access to the expanding European markets which are expected to result from the regional arrangements. A meeting of the Trade Committee was scheduled for early June in Europe to discuss these problems, including the tariff measures of July 1.

In the field of aid, a social development assistance group of eight countries, including Canada, was set up to promote co-operation in aid to underdeveloped areas. The first meeting of the group took place in Washington earlier this year and a further one is to be held in Bonn early in July. The members pool their experience and knowhow on aid programs and consult with the International Bank and other lending institutions about effective co-ordination of aid to the less developed areas.

The significant developments described in this report have an important bearing on Canadian trade and economic relations with Europe. How these arrangements evolve and their implications in practice for the trade and commercial relations of Canada and other outside countries bear careful watching. ●

Tours of Territory

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Belize, British Honduras, from September 13-20.

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from July 3-9.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Prague, Czechoslovakia, from July 11-14.

R. F. RENWICK, Commercial Secretary in Port-of-Spain, Trinidad, will visit Antigua and St. Kitts from July 8-12.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Belgrade, Zagreb and Ljubljana in Yugoslavia from July 18-29.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bullis and Mr. Campbell a Kingston, Mr. Freyseng and Mr. Thomson at Vienna and Mr. Renwick at Port-of-Spain.

Import Liberalization in Europe

European Division, International Trade Relations Branch.

THE vigorous economic revival has led to the ending of balance-of-payments problems for several West European nations and to a substantial decrease in these problems for most others. This in turn has resulted in a return to external currency convertibility and the progressive elimination of discriminatory import restrictions against the dollar countries. The major exception to the liberalizing trend has been in the agricultural field where a number of commodities, many of interest to Canada, remain under import control.

A further development of great portent is the emergence of regional groupings of many of the countries of Western Europe into exclusive organizations—the European Free Trade Area (EFTA) or the Outer Seven (which includes the United Kingdom), and the European Economic Community of the Inner Six. These groups, following policies which favour intra-member trade, established a new pattern in the Western European trade picture, the ramifications of which are not yet clear.

The following paragraphs summarize the progress that individual countries in Western Europe have made in removing import restrictions. (For the reader's convenience, countries are listed in alphabetical order rather than according to the regional groupings, EEC and EFTA.)

AUSTRIA

Austria has taken several steps in extending its liberalization list for imports from dollar countries. Indications are that the remaining discrimination between imports from the dollar area and the OEEC countries may soon be removed. So far discrimination between imports from the OEEC and dollar countries in the industrial sector has been eliminated, except for certain textiles—licences for these from Canadian sources are issued liberally. A wide range of agricultural commodities is permitted entry from the OEEC countries but their import from the dollar area is restricted. All bread grains and food grains are imported under state-trading procedures and therefore remain under import control.

BENELUX *(The Belgium-Luxembourg-Netherlands Economic Union)*

Under a common import policy, Benelux has liberalized most of its imports from OEEC countries and this liberalization has been extended to include Canada and the United States.

Two common Benelux import quota lists are in effect—List 1, applicable to Canada and most other countries, and List 2, which only applies to EEC countries. Licences for the import from third countries of commodities included in List 2 are issued only as internal market conditions require.

BELGIUM-LUXEMBOURG

Although import licences are required for a fairly long list of imports into Belgium and Luxembourg, these are granted freely for most imports. Restrictions apply chiefly to perishable agricultural products but also to some industrial goods. Generally speaking, the same treatment is accorded to dollar and to Western European countries, except for some quotas that are provided for EEC countries.

DENMARK

On March 1, 1960, Denmark removed a wide range of goods from its restricted import list. As a result of this step, discrimination against dollar imports has been eliminated. Commodities remaining under licence may be imported from any source. Among the items still requiring an import licence are a certain number of agricultural and a few industrial products of interest to Canada.

FINLAND

Effective January 1, 1960, Finland placed imports from Canada and the United States on the same basis as those from OEEC countries. As a result, the list of goods that may be imported from dollar countries free from import licences has been extended. Global import quotas available to the OEEC countries are similarly made fully open to Canada and the United States. The free list covers 82 per cent of Finnish imports. Certain products of interest to Canada—including grains, flour and outboard motors—remain under restriction from all sources.

FRANCE

France began its import liberalization program at the beginning of 1959 and extended its list of freed commodities to the dollar countries in September, November and December of last year and again in April 1960. Only a relatively small proportion of French imports remains subject to restrictions.

Discrimination in favour of OEEC countries against the dollar countries has been progressively reduced and now applies to only 24 items. Discriminatory restrictions in the industrial sector are to be removed not later than November 1961.

GERMANY

On January 1, 1960, Germany took the most recent of several steps in removing restrictions from imports from dollar countries. Under a three-year GATT waiver accorded to Germany in 1959, certain products may remain under import restriction but others are to be liberalized on specified dates. Commodities under control are largely agricultural. A number of industrial items of interest to Canada, including aluminum and synthetic rubber, are scheduled to be liberalized on July 1, 1960.

Licences for most of the restricted agricultural products of interest to Canada have been granted relatively freely. However, there is some discrimination in favour of certain agricultural commodities from countries with which Germany has bilateral trading agreements.

GREECE

For most imports into Greece, import permits are granted freely, provided the necessary foreign exchange is available. However, import restrictions apply to certain luxury goods and also to agricultural products of importance to Canada, such as wheat, wheat flour and seed potatoes.

In April 1959 Greece introduced a system of quotas for imports that applies to all countries of the European Monetary Agreement (EMA), Canada, the United States, and other nations which have not signed bilateral trading agreements with Greece. The quotas cover a number of commodities of interest to Canada, including wood pulp, newsprint and lumber.

IRELAND

The following goods may be imported into the Republic of Ireland from the dollar area without reference to exchange control: cereals and cereal products, animal feedingstuffs, animal and vegetable oils and fats, oilseeds, oil nuts, seeds for sowing, raw cotton, yarns, fibres, leather, hides, skins and timber.

Any other goods (except precious metals, precious stones and goods containing a precious metal or a precious stone) may be imported freely up to £250 in respect of any particular commodity in any period of three months. If the Irish importer wishes to exceed this amount, he must seek prior authority from the Foreign Exchange Control Authority.

ITALY

On January 11, 1960, Italy again liberalized dollar imports. The latest measure affected about 200 products. The Italian authorities have announced that further liberalization measures are contemplated; these would bring the provisions for imports from the dollar area closer to the very small number of restrictions in force for Western European countries. At present the discrepancy between liberalization applicable to dollar and to Western European countries is fairly large.

Products of interest to Canada still under import control from the dollar area but liberalized from the OEEC countries include rapeseed, seed potatoes, canned fruits and vegetables, aluminum, stainless steel, polystyrene, polyethylene and various organic chemicals. Wheat is under import control from all sources.

THE NETHERLANDS

Since the beginning of 1960, the Netherlands has kept only 73 commodities under import control. The major portion of this list consists of agricultural products and it has been reduced as conditions permitted. A small number of commodities are to be removed from control not later than December 31, 1960. As from April 1959 there has been no discrimination between imports into the Netherlands from the OEEC countries and the dollar area.

NORWAY

Norway has made considerable progress in dismantling restrictions against both the dollar and OEEC countries. With the exception of automobiles, the import of which from all sources will be liberalized on October 1, 1960, imports from the dollar area are on the same basis as those from the OEEC countries.

Imports into Norway are classified as follows:

Free imports—amounting to an estimated 69 per cent of all imports in 1959.

Global quotas—Goods are quantitatively controlled but may be imported from the OEEC countries, the dollar area, or certain other countries, at the option of the importer.

State trading—Most grain foodstuffs may only be imported by the state grain corporation. Certain other products—including alcoholic beverages, fishing gear, sugar and coffee and all medical and pharmaceutical goods—are under import control from all sources and are imported under state-trading arrangements.

A wide range of agricultural commodities, particularly of the types produced in Norway, are subject to import licensing. Canadian industrial raw materials, especially non-ferrous metals and ores, which bulk large in our exports to Norway, are largely included among the free imports.

PORTUGAL

On January 10, 1960, a Portuguese decree extended the OEEC liberalization list to embrace Canada and the United States. This move, by which 90 per cent of all imports into Portugal from OEEC countries are liberalized, provides the same treatment for imports from Canada and the United States. The only items not so liberalized from the dollar countries include certain oils and animal fats; cotton and certain manufactures of cotton; rice; cereals, including grains for breadmaking; dried beans; maize; fruit, fresh and dried; butter and hard cheese. A wide range of goods still remains under import control from all sources.

SPAIN

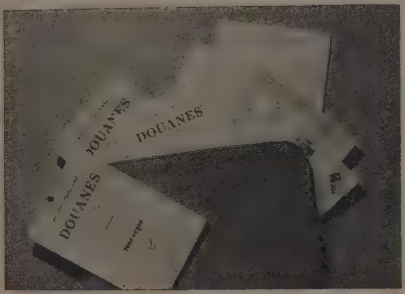
On April 1, 1960, Spain announced an extension of its list of liberalized imports from Western Europe, Canada and the United States. This follows the liberalization procedures adopted on Spain's accession to the OEEC in July 1959. Some other imports are admitted under global quotas applicable to the same countries. By the beginning of 1960 it was estimated that only 10 per cent of Spain's import trade was being conducted under bilateral trading arrangements. A certain amount of importing is carried on under monopoly state-trading arrangements.

SWEDEN

On April 1, 1960, the free listing applicable to imports from the OEEC countries was extended to imports from the dollar area, with the exception of a limited number of agricultural commodities. Among the few non-agricultural products subject to licensing from all sources are automobiles and parts for assembly, although licences for these are in practice freely granted. Of the agricultural products still under import control from the dollar area, a number are of interest to Canada.

SWITZERLAND

Unlike most nations of Western Europe, Switzerland has not experienced serious balance-of-payments problems in the postwar years and has not introduced discriminatory import restrictions against the dollar area. Although import licences are required for a wide range of imports, restrictions are enforced only in the agricultural sector. Licences for other than agricultural products are freely granted. Import controls impinge most heavily on agricultural commodities of a type produced in Switzerland. Certain products, such as butter and powdered milk, may only be imported by specified public institutions. ●



Trade and Tariff Regulations

Burma

VALUATION FOR DUTY PURPOSES AMENDED—The Burmese Government has amended the basis of valuation for assessment of Customs import duty on 58 items, effective from May 13, 1960. The amendment provides for the assessment of import duty on the specified commodities at the market value rather than the c.i.f. value, as formerly. Imports of these items by the Defence Services Institute, the Joint Venture Corporations, Government Boards and Government Corporations are exempted from this requirement. That is, such imports will continue to be assessed import duty on the c.i.f. value of the goods. The amendment is authorized under a term of the Sea Customs Act which provides that the value for assessment of Customs duty may be changed from c.i.f. to market value, or vice versa.

Included in the schedule of items affected by this amendment are: wheat flour, dry fish, malted milk, apples, tinned fruits, jams, sauces, torchlight batteries, tires and tubes, ready-mixed paints, linseed oil, car batteries, lubricating oil, car polishes, lanterns, burner stoves, thermos flasks, nails, galvanized iron sheets, ink, toilet preparations.

Iran

MARKING REGULATION ANNOUNCED—The Government of Iran announced on May 26, 1960, new regulations concerning the marking of merchandise in Iran. The notice, issued by the Ministry of Justice, provides that local and foreign laboratories and factories situated in Iran, branches and agencies of trading firms and factories, and importers and manufacturers are required, prior to release of their goods from the warehouse, to affix a label clearly showing certain particulars. Information to be given on the label includes: (1) commercial name and address of the manufacturer, stating the country of origin; (2) registration number of the trade mark in Iran; (3) number and date of permit from Ministry of Health authorizing manufacture and marketing of the product in Iran.

Products subject to compulsory registration of trademarks in Iran are pharmaceutical specialties intended for medical and veterinary purposes, foodstuffs sold in containers, beverages, mineral water, syrups, juices and extracts, toilet and beauty articles and accessories.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade announced recently that it has received the following representations respecting the tariff:

Rebate of duty on:

1. Reinforcing wire (innercore wire), double rivets (or printed pins), pins (or single rivets) and screws, all for use in the manufacture of optical frames and sunglass frames.
2. Electrode paste used in the production of ferromanganese.

Refund of duty on:

1. Imitation kraft paper for the manufacture of paper bags for export.
2. Hydrogen peroxide and "Santobrite" for the manufacture of bone glue for export.
3. Fur "plates" for processing or further processing for export.

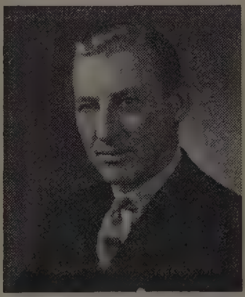
Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

Trade Commissioners on Tour

A. P. Bissonnet

B. C. Butler

R. E. Gravel


B. A. MacDonald

K. Nyenhuis

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

A. P. BISSONNET, Commercial Counsellor in Stockholm, Sweden:

Montreal—July 4-8

B. C. BUTLER, Minister (Commercial) in London, England:

Ottawa—July 4-15

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela:

Vancouver—July 11-14
Winnipeg—July 20-21
Toronto—July 25-Aug. 5
Ottawa—Aug. 7-12
Montreal—Aug. 14-25
Quebec—Aug. 26-27

When he completes his tour and leave, Mr. Gravel will be transferred to Hamburg, West Germany, as Consul.

B. A. MACDONALD, Commercial Counsellor in New Delhi, India:

Ottawa—July 4-8
Montreal—July 11-15
Quebec City—July 18
Thetford Mines—July 19

When he completes his tour and leave, Mr. MacDonald will be transferred to Athens, Greece, as Commercial Counsellor.

K. NYENHUIS, Trade Commissioner in Leopoldville, Belgian Congo:

Vancouver—July 4-6
Winnipeg—July 7-8
Toronto—July 11-20
Hamilton—July 21-22
Montreal—July 25-Aug. 5
Granby—Aug. 8
Quebec—Aug. 9
Saint John, N.B.—Aug. 11-12

When he completes his tour and leave, Mr. Nyenhuis will be transferred to Copenhagen, Denmark, as Commercial Counsellor.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.01878382.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 20	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01190	84.03	(1)
Austria	Schilling		.03779	26.46	
Australia	Pound		2.2005	.4544	
Bahamas	Pound		2.7506	.3635	
Belgium, Belgian Congo and Luxembourg	Franc		.01969	50.79	
Bermuda	Pound		2.7506	.3635	
Bolivia	Boliviano	Free	.00008591	11,640.09	
British Guiana	Dollar		.5730	1.74	
British Honduras	Dollar		.6877	1.45	
Brazil	Cruzeiro	General Category*	.004178	239.33	*June 7 (2)
		Special Category	.001981	504.72	
		Official selling	.05244	19.07	(3)
Burma	Kyat		.2061	4.85	
Ceylon	Rupee		.2063	4.85	
Chile	Escudo	Free	.9330	1.07181	(4)
Colombia	Peso	Certificate	.1465	6.82	
Costa Rica	Colon	Official	.1748	5.72	
		Controlled free	.1477	6.77	
Cuba	Peso		.9816	1.01874	tax 2%
Czechoslovakia	Koruna		.1363	7.34	
Denmark	Krone		.1423	7.03	
Dominican Republic	Peso		.9816	1.01874	
Ecuador	Sucre	Official	.06544	15.28	
		Free	.05740	17.42	
Egyptian Region, United Arab Rep.	Pound	Official	2.8186	.3548	
		Export account selling	2.4550	.4073	
El Salvador	Colon		.3926	2.55	
Fiji	Pound		2.4780	.4035	
Finland	Markka		.003067	326.05	
France, Monaco, etc.	New Franc		.2003	4.99	(5)
French colonies	Franc		.004006	249.62	(6)
French Pacific	Franc		.01102	90.74	(7)
Germany	D Mark		.2354	4.25	
Ghana	Pound		2.7506	.3635	
Greece	Drachma		.03272	30.56	
Guatemala	Quetzal		.9816	1.01874	
Haiti	Gourde		.1963	5.09	
Honduras	Lempira		.4908	2.04	
Hong Kong	Dollar	Free*	.1701	5.88	*June 10
		Official	.1719	5.82	
Iceland	Krona	Official	.02583	38.71	(8)
India	Rupee		.2063	4.85	
Indonesia	Rupiah	Official	.02181	45.84	(8)
Iran	Rial		.01296	77.17	
Iraq	Dinar		2.7484	.3638	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent June 20	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7506	.3635	
Israel	Pound		.5453	1.83	
Italy	Lira		.001581	632.51	
Japan	Yen		.002727	366.70	
Lebanon	Pound	Free	.3083	3.24	
Mexico	Peso		.07853	12.73	
Netherlands	Florin		.2603	3.84	
Netherlands Antilles	Florin		.5245	1.91	
New Zealand	Pound		2.7506	.3635	
Nicaragua	Cordoba	Effective buying	.1487	6.72	
		Official selling	.1393	7.18	
Norway	Krone		.1375	7.27	
Pakistan	Rupee		.2063	4.85	
Panama	Balboa		.9816	1.01874	
Paraguay	Guarani	Official	.008046	124.28	
Peru	Sol		.03569	28.02	
Philippines	Peso		.4908	2.04	
Portugal & Colonies	Escudo		.03426	29.19	(9)
Singapore and Malaya	Straits Dollar		.3209	3.12	
Spain and Dependencies	Peseta		.01636	61.13	
Sweden	Krona		.1902	5.26	
Switzerland	Franc		.2276	4.39	
Syrian Region, United Arab Rep.	Pound	Free	.2740	3.65	
Thailand	Baht	Free	.04638	21.56	(8)
Turkey	Lira		.1091	9.16	(8)
Union of South Africa	Pound		2.7506	.3635	
United Kingdom	Pound		2.7506	.3635	
United States	Dollar		.9815625	1.01878382	
Uruguay	Peso	Free	.08599	11.63	(10)
Venezuela	Bolivar		.2930	3.41	
West Indies Fed.	Dollar		.5730	1.74	(11)
	Pound		2.7506	.3635	(12)
Yugoslavia	Dinar	Official	.003272	305.62	(8)
		Settlement rate	.001553	643.87	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

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JULY 16, 1960

foreign trade

NADA

NORTH WEST AFRICA—A MARKET SURVEY (page two)

foreign trade

Established in 1904

OTTAWA, JULY 16, 1960 Vol. 114, No. 2

cover These newly built apartment blocks in the city of Algiers represent an attack on the housing problem and demonstrate that progress is continuing, despite the rebellion. The leading article in this issue reports on progress and trade possibilities in Algeria, Morocco and Tunisia, a region that the author visited recently. See page two.

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A market survey of Tunisia, Algeria, Morocco — three countries of North West Africa that are commanding increasing attention among world traders What are present possibilities for Canadian sales? Future prospects?

NORTH WEST AFRICA

W. G. BRETT, *Acting Commercial Secretary, Paris.*

NORTH WEST AFRICA has borne many names—Numidia, Carthage, Barbary, the Maghrib—and it has been famous for slaves, ostrich plumes, monkeys, pirates and ivory. But Canadian traders eyeing this corner of Africa today cannot think as a Scipio, a Barbarossa or even as a Masefield. They must look at the area in the light of its present political divisions: Tunisia, Algeria and Morocco. Each has special market characteristics that the businessman must take into account.

Tunisia

Tunisia, the old Carthage, is the easternmost of the three countries. An independent republic since 1956, it faces all the problems of a new nation. But, as any foreigner in Tunis will tell you, the problems are handled by one of the most efficient administrations in the Arab world.

The land, comprising some 48,200 square miles, supports about 3.8 million people, most of whom are engaged in agriculture. In addition, there is an iron ore and phosphate industry that provided exports valued at about $22 million in 1957. To date, Tunisia, in spite of active exploration, has not discovered significant deposits of petroleum or gas. However, a pipeline from the Algerian field of Edjeleh, close to the southwest border of Tunisia, is being built to the Mediterranean coast near Skhira, and a refinery, reportedly planned for 500,000 tons capacity, is on the drawing boards.

Other plans include an esparto grass plant to process this important export crop ($2.2 million in 1957), further phosphate enrichment, and development of a wide range of light industry ranging from sawmills to tire recapping. The Tunisian Government, though anxious to diversify the economy, does not forge that agriculture is basic. It recognizes the need for technical assistance, agricultural extension work conservation and reforestation.

To the visitor, one of the obvious resources of the country is its attraction for the tourist. As an increasing number of prosperous Europeans press south in summer and winter to the Côte d'Azur, to Costa Brava and Dalmatia, the vanguard looks to the southern Mediterranean.

Ties with France

The Canadian export manager appraising this market must consider several special factors. Perhaps the most important of these is the country's relationship with France. As in any new country much of the entrepreneurial skill remains in the hands of French residents and traditional commercial ties with France are strong. In 1958, 71 per cent of Tunisian imports came from France and 62 per cent of her exports were absorbed by France. A recent financial-commercial accord gives Tunisia nominally within the franc zone complete autonomy of access to a special account in the Bank o France. There are actually two accounts: one of U.S.$15 million fo clearance of usual exchange transactions, and a sub-account of U.S $3 million for clearance arising from special bilateral arrangement with the Soviet Union, Yugoslavia Communist China, the United Arab Republic and Spain.

The Franco-Tunisian commercial accord permits several bread-and butter Tunisian exports (wine grain, olive oil) to enter France advantageously at prices above those established by world supply and demand. In return, substantial tariff advantages, often outright exemption, are extended to a long list of French exports. Nevertheless, given competitive prices, there is a fair-sized list of products that can be imported from dollar-area suppliers. These include various chemicals, fertilizers and pharmaceutical products, as well as farm machinery, synthetic rubber, lumber, textiles, copper, nickel and aluminum.

At this time, in the full flood of change, Canadians may find some difficulty in establishing satisfactory contacts in Tunisia. There is a high current of national and Islamic feeling and a growing Moslem business community is developing. But the old connections, reinforced by the preferential access for French goods, continue and the agency selected by a Canadian firm will depend on the type of commodity involved. Tunis is very much the capital of this country and no decentralized distribution is required. Relying on the export of a relatively few bulk commodities, Tunisians are alive to balanced trade and a considerable sector of the market is taken up by bilateral arrangements. There are excellent banking facilities and sources of reliable credit information. In almost every instance French correspondence is adequate.

Business with Tunisia will not push any sales curve off the top edge of the chart, but many Canadian exporters would do well to examine how their product fits the growing needs of this tidy market.

Algeria

The overriding fact in Algeria today is the persistent rebellion of the FLN (the Front of National Liberation). This struggle colours all phases of Algerian life and naturally affects commerce and the rate of investment. The result, viewed from a purely commercial angle, has not been completely dampening, however. In an effort to hold Algeria, France has undertaken a great many measures to under-gird the economy. These vary from the grand sweep of the Constantine Plan for industrial development to the modest advances in village light industry, construction, education and health. In addition, there is the war-born flush of prosperity as hundreds of thousands of French troops spend their pay in Algerian shops.

In spite of the turmoil and the fear, the Chamber of Commerce of the Algiers area has totted up over 200 new capital commitments since the Constantine Plan was inaugurated. But this is not to claim that Algeria is rich. Vast in area, only 52 million acres in the northern tier of the country are arable. The population verges on 10 million; all but about one million are Moslems and many of these are involved in subsistence agriculture. But "Algiers the White" (bigger than any city in France except Paris), Oran, the substantial centres of Bône and Constantine, plus the relatively rich littoral and foothill areas —all are worth the attention of Canadian exporters.

Promise of the Sahara

Whatever the advances in North Algeria, they pale before the promise of the desert lands to the south. From the desolation of the Sahara, oil piped across 400 miles of desert and mountain has reached the Mediterranean at Bougie near Constantine. The main producing centres are Edjeleh—whose oil will reach the sea at the Tunisian port of Skhira—and Hassi Messaoud. Crude from the latter field has only to be scoured to make it fit to run the powerpacks on the drilling rigs and the diesels of the trucks that ply the one north-south road. At Hassi R'Mel to the west, great gas basins have been tapped from which gas will flow to Oran, perhaps to feed the petrochemical industry envisaged in the Constantine Plan. It may also power the steel and iron industries projected for the Constantine area.

Access to the Market

With the minor exception of goods of a warlike nature, the Algerian market presents the same opportunities as that of Metropolitan France. The mounting list of liberalized products culminating in the decree of December 24, 1959, (which left only some 325 tariff items under control) applies to Algeria as well. Import licences are obtainable from local authorities who also compile quota lists. Naturally there is a strong flow of trade with France and many traders in France maintain branches in Algeria. Financial connections are even more intimate. Nevertheless, geography and climate give the Algerian market a distinct character and automatic coverage by French agents of Canadian firms cannot be taken for granted.

Opportunities for Sales

The outstanding example is the trade in "fripperie" (used clothing). This is a trade that Canadian houses should investigate. There are some nine million Moslems in Algeria, very few of whom are in a comfortable income bracket. Most would prefer to wear the traditional burnoose, but it takes from five to seven sheepskins to provide the wool for this handsome garment and sheepskins to a man who eats meat four times a year are expensive. Hence the Algerian is thankful to ward off the bitter cold of the night by wearing any of an astonishing range of cast-off cottons and woollens. Fortunately the motley is in most instances covered by a loose, flowing cotton robe.

"Fripperie" aside, suppliers of other Canadian products should check their coverage of this area. If their French agent is not cultivating the market, they should try direct representation through an agent in Algeria. Interest shown lately in such widely disparate products as apples, washing machines, lumber and plastics could well extend to other lines. Shipping connections are now quite good; most skippers of some six lines that carry on a frequent if irregular service are generally willing to put in to Algiers with 50 tons destined for that port. The general rule (for consumer goods at any rate): if you can sell to Metropolitan France, you can certainly sell to Algeria.

Morocco

Morocco, the westernmost of these markets, is in many respects the most enigmatic and interesting. Fronting on both the Atlantic and the Mediterranean, it is about three times the size of Tunisia and has nearly three times the population (9.2 million). Like Tunisia, it faces the demanding problems of any young nation. Parallels between the two countries are striking. In general, however, the intrinsic wealth of Morocco has a broader base and many of its opportunities are closer to development. This is particularly true of the thriving phosphate industry which earns over $60 million a year. Like Tunisia, Morocco enjoys a special relationship with France, though this has not yet been channelled into a commercial-financial accord such as the Franco-Tunisian agreement. The nature of any forthcoming relationship must affect an appraisal of Morocco as a market.

At present, there is a resolute policy of self-denial that has, by reducing imports about 30 per cent, brought Moroccan trade to near balance at about $230 million (10 months 1959). Again we see widespread and tightly controlled bilateralism, which probably mirrors persistent concern over the heavy commercial dependence on France. Entry of dollar goods is strictly limited by quotas: U.S.$2.47 million for consumer goods and U.S.$4.7 million for capital goods and parts in the last half of 1959. Among the few products of interest to Canadians are asbestos, carbon black, pharmaceuticals and synthetic rubber.

There is great concern in Morocco over industrial development and agricultural improvement. An oil refinery is to be built at Fedala, between Casablanca and Rabat, and extensive petroleum exploration is proceeding (as yet without results) in the southern areas. A determined multi-front effort to increase exports promises success, especially in the field of high-quality sardines. The recent devaluation of the currency (one dirham=Can.$0.19) has encouraged this campaign. As in Tunisia, one of the most promising money-earners is the tourist trade, particularly in this fascinating land of great contrasts and friendly, handsome people.

Although Rabat, the capital, is thus the administrative centre of Morocco, the undisputed commercial centre is Casablanca and it is here that the exporter's agent should be located. Tangier, always a special city, has been a sort of international financial centre and host to many companies of "convenience". With Moroccan independence in 1956, it retained its special character under royal charter but the agreed six-month notice of the charter's withdrawal was delivered in October 1959, and a great deal of its previous activity is disappearing. Freedom of import is already curtailed and free exchange ended in April. There is some compensation in proposals for a free port.

In this brief survey the reader will have noted that the three areas have much in common. In many sectors the economies are emerging from an almost primitive stage and young governments are exercising

In Morocco's drive to increase exports, production of high-quality canned sardines plays a major part. Our picture shows two Moroccan girls at work in a local cannery.

stern control in an effort to achieve economic maturity. There are also common problems of agriculture and industrial development and of market concentration. But the countries are distinct markets with uneven rates of development in various sectors. Opportunities will no doubt appear in each at different times and separate business contacts must be made. And though paying the necessary attention to the evolution of each country may be demanding, in most cases the effort should prove rewarding. ●

Who Will Buy Saharan Oil?

Oil from the Sahara flowed for the first time only four years ago. Reserves are incalculable; production problems are being met. The big question is where to sell capacity output.

W. G. BRETT, *Acting Commercial Secretary, Paris.*

UNTIL the Second World War, only the nomads, the Foreign Legion and a handful of venturesome geologists had penetrated the vastness of the Sahara. Since then great progress has been made. The first serious survey aimed at uncovering underground resources dates only from 1947 and the first tentative drilling started in 1952. In January 1956 a producing well was brought in at Edjeleh, near the Libyan border. In June 1956, Hassi Messaoud, the nomads' "Spring of Good Fortune", began to flow. Already a 24-inch pipeline stretches from Hassi Messaoud to the sea and another line from the Edjeleh field should reach the coast in October of this year. Now, in the early months of 1960, all is geared for production of eight to ten million tons a year, with an eventual potential of up to 50 million.

Structure of the Industry

The pilot group charged with long-range planning, co-ordination of research, and firsthand investigation to define prospect limits is the Bureau de Recherches de Pétrole, set up by the French Government in 1945. BRP's second function is to provide financial aid to existing or future research enterprises. Fostered by preliminary work of the BRP and spurred by the 1956 strike, interest in the Sahara expanded enormously. By 1958 there were some 40 companies of various types actively concerned with exploration. One, RAP (Régie Autonome des Pétroles), dating from 1959, is a state company and there is direct state or BRP interest in at least 19 others. This report is chiefly concerned with three of these entities:

- SN Repal (Société Nationale de Recherche et Exploitation des Pétroles en Algérie)—formed in 1946 by the Government of Algeria (50 per cent) and BRP (48.45 per cent). This group works the southern half of the Hassi Messaoud field and the gas basin at Hassi R'Mel.

- CFP (A) (Compagnie Française des Pétroles (Algérie))—a mixed group formed in 1953 sharing the Hassi Messaoud field with SN Repal.

- CREPS (Compagnie de Recherches et d'Exploitation de Pétrole au Sahara)—founded in 1953 by RAP and Royal Dutch Shell. This group produces in the eastern field whose focal point is Edjeleh.

Producing Areas

The Saraha is vast and many strikes have been made and many traces have appeared. Intensive research will doubtless define other producing areas but at present there are three main centres: Hassi Messaoud, Edjeleh and Hassi R'Mel. The latter is essentially a gas-producing area but the other two and their satellite strikes have much in common.

Hassi Messaoud—This field, about 700 kilometers south of the Algerian port of Bougie, is the best known. As defined at present, it covers approximately 16,000 square kilometers with reserves of about 450 million metric tons. Recovery is from a depth of about 3,300 meters. The oil is sulphur-free, extremely light (40° A.P.I.) and coloured, as the French say, "comme un vieux cognac". There are about 50 producing points but the natural rate of flow per well is quite low. Reinjection of the gas that is now burnt off might increase the flow from 30 to 50 per cent. Because of hard lower strata, the drilling rate is quite low. There has been a subsidiary strike of undetermined importance at El Gassi, some 80 kilometers to the south, and another gas strike some 150 kilometers to the southwest.

The field is developed by two societies, SN Repal and CFPA. A

24-inch pipeline reached Bougie on the Mediterranean in December 1959.

Edjeleh—The Edjeleh strike, on the Libyan border, is considerably farther south and east—about 1,120 kilometers from Bougie but only 760 kilometers from its outlet port, Skhira, on Tunisia's east coast. The pipeline should be completed by October 1960. A crude, somewhat heavier but with much the same character as that of Hassi Messaoud, has been found at various levels between 1,300-2,600 feet and a damp gas between 400 and 1,400 meters. In this general area, some 12 promising formations have been outlined. These make difficult a precise calculation of total reserves but a figure of 200 million tons has been advanced. It is believed that the area will require some 200 wells for full output. The Tiguentourine sector will enter production later and the flow calculated for 1961 is between 7 and 8 million metric tons. This field, the first proof positive of economic resources in the Sahara, was discovered and is worked by CREPS.

Hassi R'Mel—This gas basin, roughly measured at 80 x 40 kilometers and located about 500 kilometers directly south of Algiers, contains about 2,000 billion cubic metres of gas. There are about eight wells yielding a humid gas containing about 200 grams of gasoline per cubic meter. The effective recovery coefficient is from 37 to 50 per cent. The field is worked by SN Repal, which will build a 60-centimeter gasline to Mostaganem on the Mediterranean coast, with offshoots to nearby Oran and Algiers.

This brief survey makes no mention of signs found elsewhere in the Sahara. In fact, the estimate of reserves even from the producing fields is not precise. But conservative calculations indicate a flow of 18 million tons in 1961 and 22 million in 1962. Beyond this no opinion is ventured. Apart from the impact of Saharan oil on the structure of the world petroleum industry, there will be a dramatic effect on Algeria itself. The oil and gas will provide for the proposed iron and steel complex in the Bône area and the petrochemical industry envisaged for Oran. This will reinforce the far-reaching Constantine Plan for industrial development and back the substantial investment in light industry projected for northern Algeria.

This was Hassi Messaoud, in the Sahara, known as a watering-place to generation of nomad desert-dwellers and virtually unchanged until the oil strike in the 1950's.

The usual evidences of an oil boom can already be seen in the producing area. Until recently the oasis of Ouargla, some 80 miles from Hassi Messaoud, was simply a "Beau Geste" fort and administrative centre. It was peopled by a handful of picturesque natives for whom life held nothing more than the prospect of becoming street-cleaners in Algiers, a pursuit on which they have held a traditional monopoly. Now the oasis is splashed with soft-drink advertising and the like, and the visitor is hard put to avoid the motor-scooter hazard.

The Marketing Problem

For oil more than most commodities, market considerations must embrace both the domestic and foreign field; in neither are the immediate prospects for Saharan oil particularly glowing. The basic causes are the composition of demand for petroleum products in France and the persistent world surplus. There are factors common to both, such as the pervasive influence of the major international oil corporations and the role of the Government.

The very light consistency of Saharan crude poses other problems. A running sample produces a preponderance of "white" products: about 20 per cent fuel to 40 per cent gasoline. Unfortunately this assorts badly with internal French needs, which run heavily to black crude products. In 1958 France consumed petroleum in the following proportions: gasoline 24 per cent, middle distillates 34, heavy fuel oil 32.

Other Producers Compete

A survey of the French petroleum market must consider refinery capacity and how it accords with prospective inflow. In the first place, the refineries are adapted to crack the heavier Mid-Eastern crudes that

Hassi Messaoud today has become the best known of the Saharan oilfields. Picture shows the temporary base of SN Repal, one of the two producers in the area.

now serve French needs, and would require substantial modification for a throughput of raw Saharan. Capacity runs to about 37 million tons but new plants slated for the Strasbourg region should boost this to 45 million by 1961. The refineries will be served by pipeline from the Mediterranean port of Lavera near Marseille. The question is, what sort of crude will they take? The refineries are held by independent companies that are bound to consider price and market needs. On a purely price basis the Mid-Eastern crudes are more attractive. Hassi Messaoud oil should sell at about $2.77 per barrel f.o.b. Bougie, compared with $2.31 for Iraqi crude, the Mid-Eastern product most comparable to Saharan. The reasons for the higher price of Saharan crude are many and complex, involving high exploration and transport costs and lower well productivity.

The French Government has shown its concern about Algerian crude distribution problems and has recently formed the Union Générale des Pétroles (UGP), which will acquire a controlling interest in the holdings of the French operation of Caltex, a United States group. The new organization will compete with other refining and distributing companies. It is an official entity, however, and through it refinery operators will be invited to make formal contracts with producers of Saharan crude. Other devices have been suggested to stimulate demand for light Saharan derivatives. One proposed is relief from gasoline taxes to promote consumption by motorists—but this is rather like feeding a beer-drinker peanuts.

On the wider screen of world demand, the picture is no more cheerful. There has been excess flow from many traditional suppliers and Russian and Romanian oil is lapping at the eastern rim of Europe. From another quarter come startling increases in coal efficiency and strong forces demanding bigger coal output. Perhaps the most serious threat to Algerian development comes from neighbouring Libya, where comparable crude is found at shallow-well levels only 100 miles from the Mediterranean coast. The extent of these reserves is undetermined but Libyan oil is now widely held to be much more than a backyard showing.

Naturally the French authorities have been mindful of market prospects in the OEEC; to supply a highly industrialized grouping of some 280 million people would certainly solve the problem. It is suggested that any increase in demand beyond present consumption in the Six would be satisfied by Algerian crude. Even in modified form, however, this proposal is unacceptable and resistance has been noted from the international companies and other members of the Common Market. One objection is that such an arrangement would not be in keeping with the general spirit of the GATT.

Challenging as the marketing problems are, the advantages are many. The main ones are the availability to France of "franc" oil with consequent foreign exchange savings of up to $500 million, and the valuable stimulus to the Algerian economy. Nowhere do conditions change more rapidly than in the world of international petroleum, but the future will doubtless see crude flowing strongly from the great new fields of the Sahara.

Swiss Trade with East Europe

The Swiss sell about $67 million worth of goods to Eastern Europe every year and buy about the same amount in return. This business does not bulk large in total Swiss trade, however; it accounts for an average of only 3.75 per cent of Swiss exports and 3.08 per cent of imports. Swiss shipments to Eastern Europe include instruments and apparatus, machines and parts, aniline dyes, cotton thread and yarn, chemicals, watches, pharmaceuticals, and artificial textile fibres. Goods coming from these countries are mainly agricultural products such as malt and hops, sugar, eggs, meat, corn and wine. A number of Swiss trading firms are also engaged in transit trade, selling non-Swiss commodities to Eastern Europe. Swiss agents have become skilled over the years in overcoming problems such as payment in convertible currencies and dealing with state trading agencies.

Frozen Foods Catch On in Britain

D. B. LAUGHTON,
Agricultural Secretary, London.

British frozen-food production and consumption are rising and so is demand, which has far outpaced supply. The result? Britain looks abroad for frozen foods, many of which Canada produces.

THE growth of the British frozen food industry has been spectacular in the past few years. During each month of 1959, some 1,500 stores began stocking frozen foods for the first time. Today there are 55,000 retail outlets in the U.K. handling frozen foods and the value of the 1959 domestic pack is estimated at $132 million.

In spite of this outstanding growth, however, British production of frozen foods cannot keep pace with rising demand. The U.K. has a population of 52 million and though the standard of living is rising steadily, only one family in six owns a refrigerator and many of the units lack freezer storage space. Frozen foods, in fact, still represent only three-quarters of one per cent of total food sales in Britain, compared with 5 per cent in the United States.

Output of frozen vegetables has made the biggest gain in the past five years and has almost trebled since 1954. Production includes mainly peas (70 per cent) and beans (13 per cent); the remainder consists of smaller packs of a wide variety of vegetables.

Frozen-fruit production centres around strawberries, followed by apples and loganberries. Annual output varies widely with the harvest and the surplus remaining after the demand for fresh fruit has been satisfied.

Britain currently has five ma frozen-food packers, each prom ing his own brand of a wide varie of domestically produced and i ported fruits and vegetables. addition, there are a dozen or mc prominent processors of frozen fi and frozen chicken products. Sor of these firms also handle oth meats (often imported from De mark or New Zealand) but tl volume is still small.

The fruit and vegetable proces ing sector of the British frozen-foc industry joined the frozen-fish pr ducers some two years ago to for the National Association of Froze Food Producers. This organizatic is said to represent 90 per cent the British frozen-food industry. is undertaking the exchange of tec nical and commercial informatic among its members and has encou aged the United Kingdom Goverr ment to expand its frozen-foo research program.

Imports Analyzed

The British frozen-food importer have reacted more promptly tha producers to the sharp increase i demand. Imports of frozen vege tables jumped from 1,750 long ton in 1954 to 8,200 in 1958 an 13,500 in 1959. Sweden remain the principal supplier and frozer peas probably account for 80 pe cent or more of the total tonnage

Frozen vegetable imports are fre of duty when they originate in th Commonwealth but all other sup pliers are subject to a 10 per cen ad valorem tariff.

At present there is no detaile tabulation of frozen-fruit import into the United Kingdom, but th accompanying table contains reason ably accurate estimates.

What the British Buy

From the Canadian point of view strawberries and peas offer the bes possibilities in the frozen fruits an

BRITISH PRODUCTION OF QUICK-FROZEN VEGETABLES

	1954	1957	1959
	(long tons)		
Peas	10,976	20,784	28,369
Beans (green)	1,193	4,764	7,221
All others, mainly asparagus, carrots, spinach	2,011	4,474	6,401
Totals	14,170	20,022	41,991

BRITISH IMPORTS OF FROZEN VEGETABLES

From	1954	1958	1959
	(long tons)		
Netherlands	664	2,041	2,786
Belgium	476	1,189	1,540
Sweden		3,264	5,674
New Zealand	618	981	1,735
Other countries		744	1,775
Totals	1,758	8,219	13,510

BRITISH PRODUCTION OF FROZEN FRUIT

	1954	1958	1959
	(long tons)		
Total Production	1,037	1,455	1,022
Of which:			
Apples (including puree)	168	255	194
Loganberries and raspberries	178	243	183
Strawberries (including puree)	458	609	353

BRITISH IMPORTS OF FROZEN FRUIT

(estimated)

	1956	1957	1958	1959
	(cwt.)			
South Africa (mainly pineapple)	8,000	6,000	1,000	5,000
Australia (all kinds)	2,000	500	500	
Netherlands (mainly berries)	15,000	10,000	10,000	10,000
Totals	25,000	16,500	11,500	15,000

vegetables group. In a recent summary of London frozen-food prices, a trade source indicated that strawberries were selling in 8-, 9-, 10-, and 16-ounce packages and that, within each size group, there was an unusually wide price variation, even at wholesale. For example, the 8-ounce size ranged in price from $2.45 to $3.55 per dozen packages. The 10-ounce size, which accounts for the greatest volume, was priced at about $4.00 per dozen. The major brands also offer raspberries in the same range of sizes as strawberries but usually at slightly higher prices.

Despite the predominance of frozen peas in the trade, most big companies offer a wide variety of frozen vegetables. The range normally includes sliced green beans, broad beans, brussels sprouts, broccoli, spinach and corn, as well as some mixed vegetables (macedoine). The most popular sizes in peas are the 10-ounce packages, selling at $2.40 to $2.50 per dozen wholesale, and the 5-ounce packages, at about $1.25 per dozen, although the sizes vary from 4½ to 16 ounces. Because the 1959 pack was unexpectedly large, most processors have cut prices by two or three cents per package.

Market Prospects

The U.K. industry is speculating about the future of many of the specialty packs, such as TV dinners. Excluding fish and shellfish preparations and straight cuts of poultry and meats, the frozen-food industry in the London area now offers sausage rolls, steak and kidney pie, chicken and turkey pies, potato puffs, mushrooms, french fries, waffles, cream-filled sponge cakes, pizza pie, ravioli and numerous other products. There are no statistics or even worthwhile estimates of the volume of this trade, but its growing variety and continuing place in retail-store freezers show that these products should not be overlooked when market opportunities in the United Kingdom are considered.

Another possibility worth exploring is the demand among U.K. processors for bulk supplies for repackaging under their own brands. In addition, some established U.K. processors prefer to have certain low-volume specialties custom-packed in consumer packages under their own labels, so that they can offer a complete line.

There is no doubt that the prospect of supplying other processors is less attractive in the long run than the establishment of consumer acceptance and loyalty for a Canadian brand. When one considers the potential of the U.K. market this certainly seems worthwhile, though even at this early stage in the development of frozen foods in Britain, it would require a substantial investment in time, effort and capital to capture a share of the market.

These possible opportunities cannot be investigated further without the detailed product and price information that is only available from the Canadian processor. However, one thing is almost certain—the longer such a study is postponed, the greater will be the difficulty and cost of winning a place in the market.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and added to the list.

What's Ahead for Uruguay?

—a look at the economic problems that plague this country and how they affect the pattern of its foreign trade.

BLAIR BIRKETT, *Commercial Counsellor, Montevideo.*

URUGUAY'S economic troubles deepen from year to year. Output of its basic products—meat and wool—cannot keep pace with expanding population and has not even been able to hold its own. Exports have remained depressed—too low to correct the balance-of-payments situation. As a result, severe import restrictions have been imposed and Uruguayans have had to make do with fewer and fewer consumer goods. The immediate effect has been to boost the cost of living out of all proportion to the average person's income.

There was no improvement in Uruguay's internal economic situation in 1959 or during the opening months of 1960. Deficits in the national budget and in the budgets of the state-owned organizations, losses under the multiple exchange system, a rapid increase in credits to the private sector of the economy—all these contributed to accelerate inflation. An Internal Consolidated Debt totalling pesos 465.5 million has been authorized for issue to finance the 1958 deficit of pesos 147.7 million and accumulated deficits since 1949. A national budget for the period 1960-63 is being studied. It envisages surpluses for the four years as a result of the proposed collection of income tax, never yet imposed on Uruguayans.

Farm Output Down

Last December Uruguay signed a U.S.$7 million loan agreement with the World Bank. The loan is intended to improve livestock and agriculture and is for a term of 12 years. Some 600 estancias (farms) are participating in the project and it is understood that the Bank will shortly be sending an agricultural expert to assist in carrying out the plan. Expectations are that in three years the plan should add $3 to $4 million to the annual income of the 600 participating farms. And because most of the increased production will be sold abroad, Uruguay's exchange earnings should rise by almost as much.

The 1959-60 wheat harvest was disappointing; it yielded only about 215,000 tons against a normal 600,000 to 700,000. During the first quarter of the year 30,000 tons of wheat were received from Argentina as part of a loan of 100,000 tons and today imports are arriving from the United States under Public Law 480.

On March 15 the Government lifted the ban on the export of sunflowerseed oil. It intends now to export total production and meet domestic requirements with imported soybean oil, which will benefit from a reduction of 50 per cent on customs duties and other charges.

Shipments abroad of wool (greasy, scoured and tops) from October 1, 1959, to February 29, 1960, totalled 46,087 bales, compared with 93,972 for the same period of the previous season. The

WINTER CEREALS, AREAS SOWN 1955-60

(thousands of hectares)*

	1955-6	1956-7	1957-8	1958-9	1959-60†
Wheat	819	688	778	691	296
Linseed	114	135	168	118	73
Oats	50	83	121	90	38
Common barley	11	11	11	16	13
Malting barley	23	50	28	51	41
Birdseed	5	14	4	4	3

†The 1959-60 figures are the second official estimate.
*One hectare=2.47 acres.

WINTER CEREALS, PRODUCTION 1955-60

(thousands of tons)

	1955-6	1956-7	1957-8	1958-9	1959-60*
Wheat	876	589	598	360	215
Linseed	53	72	73	72	48
Oats	41	56	52	33	23
Common barley	10	10	9	8	9
Malting barley	20	34	22	16	26
Birdseed	3	7	1	2	2

*The 1959-60 figures are the first official estimate.

present clip is estimated at some 25 per cent less than normal. The drop in exports is the result mainly of the delay in establishing the new exchange treatment for exports.

The meat industry is improving under the favourable exchange treatment afforded exports of all meats and meat products. Total shipments abroad are, however, still far below the volume reached in the early fifties.

Foreign Trade Falls Off

Corrected figures of Uruguay's foreign trade (with accurate statistics now available for fuel oil and lubricants), are given in the accompanying table.

URUGUAYAN FOREIGN TRADE

	Exports	Imports ('000 U.S.$)	Balance
1955	183,678	228,463	— 44,785
1956	211,054	212,607	— 1,553
1957	128,249	254,667	—126,418
1958	138,622	168,014	— 29,392
1959	97,798	143,227	— 45,429

The low figure for exports last year is accounted for mainly by reduced shipments of wool. Wool and tops made up 59 per cent of the total value of exports, meat and by-products 18.9 per cent, and skins, hides and hair 10.3 per cent.

The United States headed the list of Uruguay's customers in 1959, taking 11.8 per cent of her exports; the Netherlands came next with 9.7 per cent, the United Kingdom and West Germany each 9.3 per cent, Russia 8.6 per cent, Hungary 5.6, Yugoslavia 5.2, Italy 3.8, Czechoslovakia 3.5, Bulgaria and Poland 2.9, Communist China 2.8.

Raw materials made up 38.2 per cent of total imports in 1959, fuel and lubricants 35.9 per cent, machinery, etc., 7.5 per cent, and groceries, beverages, etc., 4.4 per cent.

The United States topped the list of suppliers with 15 per cent; France followed with 5.7 per cent, West Germany 5.4 per cent, Italy 3.6 per cent, the United Kingdom 3.2 per cent. Communist countries supplied 7.2 per cent, Latin American countries 14.3 per cent, and Canada 0.5 per cent.

U.S.S.R. Biggest Wool Buyer

Trade with Communist countries increased markedly in 1958, largely because the Soviet Union, instead of buying through Western European countries as in the past, made big purchases of raw wool direct from Uruguay. This continued in 1959 and the Soviet Union maintained its position as Uruguay's leading customer for wool; certain other Eastern European countries also upped their purchases of primary products. In 1959 exports to the Communist Bloc accounted for 33.2 per cent of Uruguay's total exports (23.4 per cent in 1958 and 9.2 per cent in 1957), though imports from these countries (excluding petroleum from the U.S.S.R.) accounted for only 7.2 per cent of the total.

So far in 1960 the Soviet Union has made only negligible purchases of wool. Proposals are being considered, however, for an exchange with Uruguay of U.S.$52 million worth of wool for U.S.$75 million worth of crude oil—the credit to run for three years.

Trade with Canada

Canada's exports to and imports from Uruguay during the past three years, in Canadian dollars, were:

	Exports	Imports
1957	3,788,626	808,707
1958	939,006	840,898
1959	1,682,993	657,764

In 1957, imports from all countries reached such a peak that Uruguay found herself in a financial crisis by November and had to apply drastic measures to remedy the balance-of-payments situation. The following year then proved a lean one for foreign traders, except those in the European countries that had bilateral agreements with Uruguay. Imports of Canadian aluminum, newsprint, asbestos, wood pulp, agricultural machinery, etc., stopped altogether or fell sharply. In the third quarter of 1959, in anticipation of the monetary reform, many products were freed from the bilateral system of trading and interest revived in the products of the non-agreement countries, including Canada. We thus made a much better showing by the end of the year than at December 31, 1958. Improvement continues today, within the limited range and quantity of goods permitted entry.

Foreign Exchange

The Banco de la Republica has estimated foreign exchange income for 1960 at U.S.$180 million. Should this estimate prove correct, exchange available for imports during the current year would be enough to cover minimum requirements. It is doubtful that it will prove correct, however. Total income from exports in the past three years was as follows:

1957	U.S.$128,200,000
1958	138,600,000
1959	97,800,000

Because production—principally of wool and meat—shows no signs of recovery, and demand for and the price of necessities continue to rise, it is difficult to see how export sales can strike a new high this year and minimum import requirements be met. Imports will probably have to be kept as low as in 1957 or 1958.

Monetary Reform

The Exchange Reform Law that came into force last December is slowly affecting the pattern of foreign trade. Under this law and supplementary decrees, Uruguay dropped its multiple exchange rate system with import permits and quotas and established a single free market for all types of exchange transactions; the rate is to fluctuate with supply and demand. To date, returns of exchange for exports, because of the slow movement of wool, have not been big enough to make the scheme work properly. The Central Bank has had to sell dollars on several occasions to keep the rate at the level of these past 12 months.

The reform called for free import of merchandise, with some products subject to prior deposits of 50, 100, or 150 per cent. (Lists of all products that may be imported with and without prior deposits may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. Import of goods not listed is temporarily prohibited.) The reform also established retentions on certain basic exports that account for over 90 per cent of total exports—including, among others, wool, meat and wheat. In addition, a new parity for the peso has been set, thus releasing part of the gold reserves held as backing for the currency.

Although exports have not come up to expectations, they should improve from now on, and the Government has indicated that more imports will shortly be placed on the free list. There is no indication, however, when imports of less essential products will again be allowed.

Free Trade Area

On February 18, the Treaty of Montevideo, instituting the Latin American Association of Free Trade, was signed, setting up a trading area that includes Argentina, Peru, Brazil, Chile, Mexico, Paraguay and Uruguay. Bolivia is expected to join shortly, and provision is made for other Latin American countries to do the same.

The treaty, which will come into force 30 days after ratification by three of the member countries, is aimed at the elimination of duties and charges on intrazonal trade, plus virtually complete liberalization of trade in the products of the member countries within a period of 12 years. Emphasis of the treaty is on the development of industry rather than of agriculture. Establishment of the Free Trade Association represents a first step towards a Latin American Common Market, though no major changes in the overseas trade of member countries are likely in the near future because of the agreement. ●

Britain Boosts Chemical Production

THE outlook is bright for Britain's chemical industry, with a record of growth over the past decade that has been almost as explosive as some of its products. Investment in new plant and equipment jumped from £38 million in 1938 to a high of £170 million in 1957. Practically all parts of the industry have shared in this growth but the most spectacular increase has been in the manufacture of petrochemicals—production is now second only to that of the United States. Total output is expected to rise this year in spite of anticipated severe competition in both domestic and foreign markets.

Chemical exports in 1959 totalled a record £293 million, up sharply from 1958's £261 million, but imports also hit a new high of £138 million, some £18 million more than in 1958. The United Kingdom is poorly supplied with raw materials for the chemical industry and this explains to some extent the steady rise in imports, many of which are raw materials for further processing.

The development of a large oil-refining capacity has provided an important source of raw materials, as the demands of the chemical industry have outgrown available industrial byproducts. The industry's needs for petrochemical products and for plastics, man-made fibres, etc., are supplied principally from domestic sources. The prospect is that the British petroleum industry will make available to chemical manufacturers an increasing proportion of the raw materials they need, assuring adequate supplies for the foreseeable future.

The use of petroleum and petroleum gas as the principal feed-stock of the petrochemical industry has taken place only over the last decade. The main types of chemicals produced from petroleum are solvents, synthetic detergents, plastics, synthetic fibres, synthetic rubbers, pesticides, insecticides and fungicides, and chemical products for use in the petroleum industry itself, such as gasoline additives and anti-freeze. Plants under construction or planned for completion by the end of next year will boost production by 80 per cent.

Byproducts of coal carbonization have been used in chemical plants almost from the beginning. These are supplied by the gas industry and from the byproduct coke ovens of the iron and steel works and the coal-tar distillers. New developments may affect the role of coal as a major supplier of raw material. One is the construction of Lurgi complete coal gasification plants that produce a bigger percentage of tar in the coal carbonized but a smaller amount of gas. Another factor is that the steel industry is using less coke per ton of steel produced; a third is the possible import of natural gas.

There is a vigorous program of research in all sections of the industry and a wide interchange of information with other countries, leading to the sale and purchase of licensing rights. The pharmaceutical sector alone is said to be spending over £5 million a year in research.

Canada plays the part of customer, competitor and supplier to the British chemical industry. Our sales last year, at some $27 million, declined from the $35.7 million of 1958 but are expected to hold up well in 1960.

—A. W. EVANS,
Trade Commissioner, Liverpool.

Japanese Buy More Canadian Farm Products

Japan's continued dependence on imported foodstuffs promises well for sales of Canadian farm products, particularly wheat. Future outlook for some products is clouded, however, by uncertainty about Japanese import policies.

N. W. BOYD, *Assistant Commercial Secretary, Tokyo.*

JAPAN bought more Canadian farm products in 1959 than ever before—$94.9 million worth, or 68 per cent of total Canadian sales to Japan. Wheat was the leader in this trade, followed by flaxseed, barley, rapeseed and flour.

Although there are over 16 million farmers in Japan—almost 40 per cent of the working population—they are unable to feed its 92 million people; land under cultivation totals less than 15 million acres, one-tenth of the farmland in Canada. With the exception of rice, therefore, Japan is heavily dependent on imported foodstuffs to supplement domestic output. In 1958, the percentages of imported foodstuffs were: wheat 64; barley 39; soybeans 70; sugar 89; and rice only 4. Japan's rice production in 1959 totalled 12.5 million tons, the fifth bumper crop in succession.

Canadian Shipments Grow

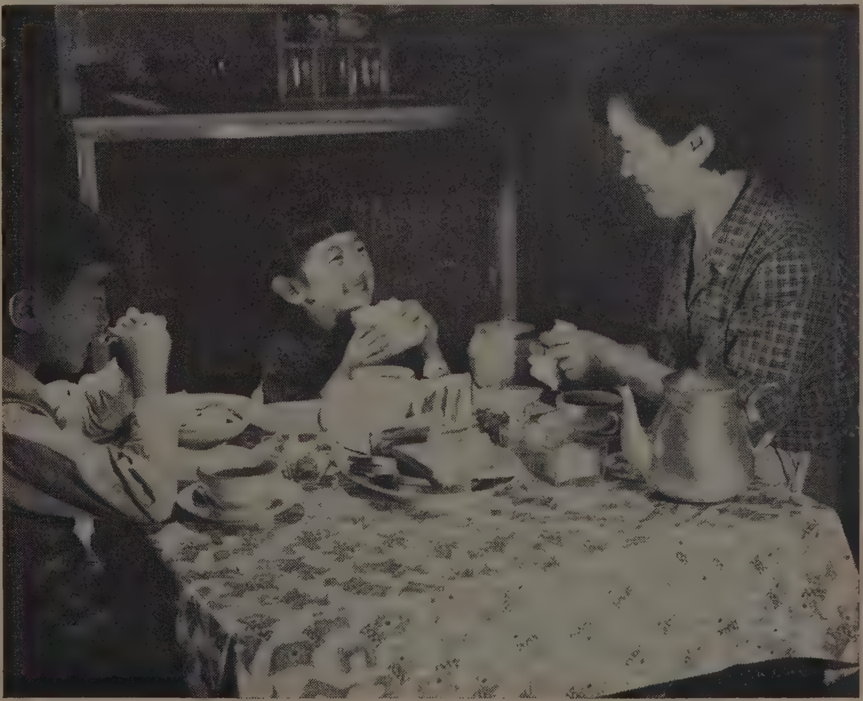
Canada's share of the Japanese market for foodstuffs is impressive. The accompanying table lists the main Canadian agricultural products imported by Japan during the past three years.

The predominant position of wheat in our agricultural trade with Japan is obvious; in 1959, only the United Kingdom took more Canadian wheat than Japan. In line with the growing Japanese popularity of hard wheat, Canada displaced the United States as Japan's main wheat supplier. Thus, of total Japanese wheat imports last year of 2,412,228 metric tons, Canada supplied 1,126,869, the United States 873,177 and Australia 396,234.

Although wheat consumption in Japan is rising with the population, barley consumption is declining. Barley imported into Japan is used largely for making a rice substitute known as "seibaku". This is made by hulling the grain, followed by pearling, steaming, rolling and pressing. As a result of bumper rice crops, the demand for seibaku has been diminishing in recent years and there has been a drop in barley imports from Canada. Imports in 1959 totalled 488,367 metric tons, of which Canada supplied 114,793, Australia 232,644 and the United States 137,943.

Canadian exports of wheat flour to Japan in 1959 climbed con-

These Japanese children are certainly enjoying their bread and butter—bread made from Canadian wheat. Last year Japan bought $69 million worth of our wheat.



siderably over previous years. This flour is the high-protein clear type needed by industries producing monosodium glutamate, a food-seasoning preparation used extensively throughout Japan and exported to many countries.

Oilseeds

Edible vegetable oils consumed in Japan include soybean, rapeseed, rice bran, palm, cottonseed, safflower, etc. Most of the output goes to households and restaurants; the remainder is used as raw material for margarine and drugs. Soybeans are by far the most important because of their extensive use in Japanese foods. Two soybean preparations are "miso", a paste used primarily in soup, and "tofu", a soybean curd. Two-thirds of Japan's soybean needs must be imported; in 1959, the United States supplied 95 per cent (997,953 metric tons) and Canada 1,016 metric tons.

Canada was Japan's biggest supplier of other oilseeds—65,039 metric tons, out of total imports of 330,975. In order of importance, flaxseed ranked first, at $8,831,170 (2,664,788 bushels), followed by rapeseed $3,552,866 (80,999,363 pounds) and mustardseed $553,472 (11,158,250 pounds).

Animal Products

Japan's imports of undressed hides and skins in 1959 totalled 86,293 metric tons valued at $38.7 million. The United States was the main supplier (40,231 metric tons), followed by Australia (17,961), Argentina (5,390) and New Zealand (4,079). Canadian sales to Japan of calfskins and kips were valued at $473,298 and cattle hides at $405,256.

Japan imported over 138,000 metric tons of beef tallow last year. Canada's share was marginal—3,800 metric tons valued at $670,072—though this represented 12 per cent of our total exports of this product.

Canadian fresh pork appeared on the Japanese market in 1959 for the first time in recent years. Sales in 1959 exceeded two million pounds valued at $459,924, and further purchases have been made in 1960.

JAPANESE IMPORTS OF CANADIAN FARM PRODUCTS

	1957	1958	1959
Wheat except seed	$53,673,393	$62,773,140	$69,164,925
Flaxseed	11,398,705	5,315,440	8,831,170
Barley	13,833,462	7,225,310	5,269,843
Rapeseed		1,671,585	3,552,866
Flour of wheat	1,032,528	932,750	2,169,843
Whisky	1,178,909	1,313,158	1,624,092
Tallow	1,100,659	858,602	670,072
Mustardseed	1,334,109	436,698	553,472
Seeds, n.o.p.	229,197	611,875	475,250
Calfskins and kips, raw	520,502	633,255	473,298
Fresh pork			459,924
Animal grease and soap stock			432,931
Cattle hides, raw	520,973	329,920	405,256
Bran shorts and middlings	508,877	516,911	391,251
Screenings, chaff	253	72,160	100,127
Soybeans			90,046
Others	191,042	158,360	231,225
Total	$85,422,609	$82,849,164	$94,895,591

Import Liberalization

Out of Yen 394 billion of agricultural products imported into Japan in 1958, only 26 per cent was admitted free of import restrictions under the Automatic Approval System. Japan recently relaxed a number of import trade control restrictions on some raw materials, machinery and consumer goods, but relatively few agricultural products were affected. Discrimination against beef tallow and lard from the dollar countries was removed on April 1, and will be removed on hides and skins by July 1, and on soybeans, the last agricultural product remaining in this category, by October. There is a suggestion, however, that an adjustment allowance will be imposed on soybean imports that will have the effect of maintaining the protection enjoyed at present by domestic producers once import discrimination is removed. A recent three-year price average shows that locally grown soybeans are selling at 42 per cent above imports. But this situation also applies to many other agricultural products because of the relatively high cost-structure in Japanese agriculture. If protection is to replace import liberalization, the processors and consumers will shoulder the burden. Of interest is the recent examination of Japan's agricultural policy by Committee II on Expansion of Trade of the GATT—a conference in which Canada took an active part.

Looking Ahead

This year, sales of Canadian wheat to Japan are likely to be as big as in 1959—40 million bushels. Japanese millers prefer Canadian Manitobas and their milling capacity totals 190,000 barrels a day. As we have seen, the outlook for barley is less favourable because of bumper rice crops. Japanese rice production is likely to be maintained at a high level with improved methods of cultivation and, in addition, Japan is being subjected to pressure to import more rice from her rice-growing Asian trading partners. Consequently, total barley imports into Japan in 1960 are unlikely to exceed 150,000 tons. The demand for oilseeds will depend on the outcome of the Japanese crop.

It is difficult to predict what effect the proposed easing of Japanese import controls may have on sales of Canadian farm products to Japan without knowing whether or not other import restrictions will be imposed. The coming months may give the answer. ●

SHRIMPS: the U.S. Industry

Big U.S. market for frozen shrimp has outgrown domestic supply. Search for new fishing grounds, successful management of current ones, and conservation stressed, as industry eyes increasing imports.

W. ADAIR STEWART, *Assistant Commercial Secretary, Washington.*

THE legendary fate of Sam McGee from Tennessee has become the real thing for most of the common shrimp reaped from the southern waters of North America. Few shrimp wind up, as Sam did, on the marge of Lake Le Barge and no poet has chronicled their northern adventures. But the commercial importance of the frozen shrimp industry speaks for itself.

In terms of value to the processor, about 85 per cent (or some $90 million worth) of the annual United States shrimp output goes to the freezers. The canned pack accounts for most of the remaining 15 per cent. Only a few shrimp are smoked or made into other specialties.

Because, generally speaking, the larger, more valuable shrimp go into the frozen pack, the percentage by weight of catch turned into frozen shrimp is somewhat smaller. Of a recent annual total supply of about 202 million pounds of domestic shrimp (heads-off weight), some 160 million pounds were processed into frozen products. From this process emerged 61 million pounds (manufactured weight) of frozen packaged headless shrimp, 50 million pounds of frozen breaded (cooked and uncooked), and smaller quantities of frozen raw peeled and deveined, and frozen cooked and peeled shrimp were produced.

Nearly 67 million pounds of shrimp imports, mostly packaged frozen headless, were added to the domestic supply. Exports of manufactured shrimp products reached four million pounds.

Literally dozens of varieties of shrimp have been identified in the waters fished by commercial fishermen and they actually catch about 20 varieties. Of these only three—the white, pink and brown—make up 90 per cent of the annual catch. Even the colour differences among these varieties is less pronounced than the names would suggest and once they have been processed, one can scarcely be distinguished from another.

A fourth species of some commercial importance in the Gulf of Mexico fishery goes by the everyday name of "sea bob". A good proportion of these enter canneries and eventually some of the pack finds its way to Canada.

For several reasons, including the nature of the shrimp itself, the shrimp fishery developed as and to a large extent remains an inshore operation, though the trend is towards larger vessels and longer trips. Hopes for an important deep-water fishery in the Gulf have recently been encouraged by exploratory fishing for the Royal Red shrimp, a large species found in depths ranging from 150 to 400 fathoms. Commercial exploitation on a big scale has not yet developed.

The Gulf and South Atlantic states continue to be vastly more productive of shrimp than other regions, although the North Atlantic, West Coast and Alaska shrimp fisheries do contribute each year to U.S. production, which totals about 250 million pounds. From 1930 to 1954 Louisiana ranked first among the shrimp-producing states. In 1954, however, Texas took the lead with a catch of 93 million pounds against Louisiana's 78 million. Alaska that year produced 1.5 million pounds, California 1 million, and Washington 21,000. All have increased their output since then and Alaska's has doubled.

Production at Maximum

Authorities now believe that exploitation of U.S. domestic supplies of shrimp has come close to the maximum. They also believe that the demand for shrimp in the U.S. market will go on increasing, provided prices do not rise high enough to discourage consumption. How to meet future demand is the problem the industry faces.

Satisfying the market will depend on three things: successful management of domestic supplies, the discovery of new grounds accessible to the U.S. fleet, and the meeting of domestic supply deficits by imports.

Successful management and conservation of the domestic shrimp fishery and the prosecution of it are to a large extent influenced by the geographic location of the shrimp and its peculiar life cycle.

Even the largest shrimp taken may be only a year old, for by and large the shrimp is an annual, passing through all the stages of its life, growth and reproduction in only one year. Because of the biological pattern, the fishing season starts along the Atlantic coast in spring and moves southward as the shrimp make for deeper and more stable waters in the Atlantic and the Gulf of Mexico. It ends in December or later on the Mexican grounds.

Shrimping in the Carolinas and Georgia begins in May, reaches a peak in midsummer, and drops off until the close of the season in November. On the Florida west coast the season starts in June and continues through December. In the northern Gulf Coast area, white shrimp is landed from August through January and periodically through the remaining months.

There are two seasons for it in Texas—an important one in the fall and a minor one in the spring.

A similar seasonal pattern applies to the brown shrimp. Heavy brown shrimp runs begin in July and last through January, progressing southward during the season.

Legally, shrimp conservation falls within the jurisdiction of the states and is carried out chiefly through regulations restricting or prohibiting fishing activities during certain seasons of the year.

New Grounds Bring Changes

Continuous attempts are made to find new fishing grounds accessible to the U.S. fleet. Discovery of the rich beds of the Dry Tortugas and the Gulf of Campeche are examples of successful exploration. To exploit these new resources, however, both the primary fishing and processing industries have been forced to undergo important changes. Larger, better-built vessels had to be built for the longer trips to offshore grounds. By 1956 there were nearly 4,000 shrimp trawlers in operation, worth from $40,000 to $70,000.

Most of the threefold increase in shrimp consumption in the last two decades represented frozen shrimp products and this fact, combined with long runs at sea, has led to big increases in the use of equipment for freezing at sea.

Specialized shrimping ports, such as Tampa, Florida, and Brownsville, Texas, have grown up. More shore facilities for freezing and processing have been required.

The expansion and maturing of the U.S. shrimp industry have been accompanied by an increased awareness of the importance of quality, and federal grading services have been made available, on a permissive basis, to the fresh and frozen processing industries. Non-participants compete on a quality basis for the market.

In spite of the expansion and modernization, however, the industry still finds itself in difficulties trying to provide a product at an acceptable price to the consumer and yielding an acceptable return to the producer.

Rising Imports Fill Need

Increased exploitation of known resources and future discoveries make further increases in the domestic supply possible in theory at least, but it is clear that foreign sources hold the greatest potential. The importance of imports is indicated by the fact that in 1957 they provided 36 per cent of a 191-million-pound total supply. In 1950 they provided 26 per cent of a 154-million-pound supply.

Potential sources of foreign supplies are numerous and growing. In 1940 ten countries were exporting shrimp to the United States; in 1957 there were more than 30. Close to home, the Latin American countries appear to have resources that could be more fully exploited. The last 15 years have seen the Mexican shrimp industry grow to multimillion dollar proportions and U.S. imports of Mexican shrimp have increased over ten times. Less is known of the production potential of the other Central and South American countries, but information suggests that they are considerable. Small but growing shipments have been received from Argentina, Greenland and India.

Facing the prospect of rapidly growing imports, the U.S. industry generally feels that some restrictions are necessary for the good of the industry. Fishermen and boat-owners are naturally convinced of this. Distributors and processors have mixed feelings, because they want reasonably priced supplies on the one hand and an orderly market on the other.

As a result of this general concern for the future, legislation to establish a system of quotas and impose other restrictions on shrimp imports has been introduced into Congress. The U.S. Tariff Commission has also instituted an investigation to determine whether duty-free shrimp imports are causing serious injury to the domestic industry. A public hearing was held in March. ●

Cuba's State Agencies

THE new Revolutionary Government of Cuba has in recent months created a number of new state agencies and dissolved several old ones. Principal changes up to the end of June are listed below:

- INRA (National Agrarian Reform Institute) has been set up to direct Cuban agricultural and industrial reforms.

- BANDES (National Bank for Economic and Social Development) has been dissolved and its functions divided between the National Bank of Cuba and INRA.

- BANFAIC (National Bank of Agricultural and Industrial Development) has been dissolved and its functions transferred to a newly formed Department of Agricultural and Industrial Credit within INRA.

- JUNTA CENTRAL DE PLANIFICACION (Central Planning Committee) has been created to co-ordinate the economic activities of all state agencies. The Prime Minister is the President. It replaces and absorbs COMISION DE FOMENTO NACIONAL (National Development Commission) and JUNTA NACIONAL DE PLANIFICACION (National Planning Committee).

- INIT (National Institute of the Tourist Industry) has been created to replace all previous government agencies in this field.

- INAV (National Savings and Housing Institute) has been formed to operate the government lottery, and to construct housing for workers with the profits.

- BANCEC (Bank for Foreign Commerce of Cuba) has been formed to supervise all foreign trade activities of Cuban state agencies. It replaces and absorbs the functions of the former BANCO CUBANO DEL COMERCIO EXTERIOR (Cuban Bank for Foreign Commerce) and EMPRESA TRANSFORMADORA DE PRODUCTOS AGROPECUARIOS (Agency for Handling Agricultural and Animal Products).

—R. R. PARLOUR,
Commercial Secretary, Havana.

Paints and Varnishes

The Market in Peru

United States supplies major share of limited demand for imported paints; only very low-priced or specialized types can compete with local production.

JOHN S. BRUCE, *Office of the Commercial Counsellor, Lima.*

THE Peruvian paint industry has developed considerably during the last eight years. The eleven firms turn out mainly oil and water paints, enamel and prepared paints, and also some anti-corrosive paints for naval and construction use. Lacquers with a pyroxylin base, synthetic enamels, bituminous paints and baking paints are also produced: in fact, Peru is able to manufacture almost any type of paint required locally.

PAINT PRODUCTION IN PERU

	1954		1956	
	Quantity	Value U.S.$	Quantity	Value U.S.$
Enamels			11 gal.	44
Synthetic enamels	9,580 gal.	34,630	5,656 “	22,624
Paints with a base of rubber	120 gal.	852	135,021 “	385,617
Paints with a base of casein	114,075 kilos	8,648	6,690 kilos	2,174
Water paints	1,133,483 “	108,639	2,090,871 “	188,514
Oil paints	78,100 gal.	187,277	132,780 gal.	314,276
Paints with a base of aluminum	600 “	2,103	304 “	885
Flat oil paints	20,900 “	29,305	14,961 “	36,213
Bituminous paints	405 “	936	770 “	1,494
“Dope” paints	950 “	3,285	1,715 “	4,776
Paints in paste form	358,150 kilos	103,389	360,610 kilos	106,361
Paints in powder form	264,158 “	25,661	89,069 “	22,761
Enamel paints	490,000 gal.	349,282	170,030 gal.	516,139
Pyroxylin lacquers	440 “	3,049	4,400 “	24,000
Baking paints	740 “	5,100	3,755 “	22,262
Plastiglass paints	690 “	5,200	270 “	1,553
Duco paints	100 “	577	12 gal.	81
Anti-corrosive paints			24,272 “	63,323
Non-specified prepared paints	352,600 “	421,812	504,443 “	603,234
Varnishes	26,700 “	39,883	included in above	
Synthetic alkyd varnishes	4,700 “	14,301	“	“
Anti-fire paints	550 “	649	“	“
Marine paints	8,500 “	25,635	“	“
Bright oil paints	21,000 “	46,194	“	“
		$1,425,396		$2,316,331

Note: Average rate of exchange: 1954/1957—S/.20=U.S.$1.00; 1958—S/.23=U.S.$1.00; 1959/1960—S/.28=U.S.$1.00.

In 1958, output of one of Peru's most important paint producers totalled 847.6 tons and recent enlargements and installation of new equipment put this firm in a position to quintuple its output. Its present production consists of coloured pigments, basic pigments, bright oil paints, special anti-corrosive and marine paints.

The accompanying table will give some idea of the paint production in Peru in 1956 (latest statistics available) compared with 1954.

Imports Decline

Because the Peruvian paint industry is capable of satisfying the major part of domestic requirements and can easily increase its production, prospects are that imports will either remain at the present figure or decrease. Industrial activity is expanding in many fields, with a consequent increase in demand for paints and varnishes. It is probable, however, that the Peruvian paint manufacturers will be in a position to meet increasing domestic needs.

During 1958, 75 firms in Peru imported paints, as follows: 30 agents and general importing houses, 9 stores, 6 automobile and automotive parts dealers, 5 mining enterprises, 2 aviation companies, 12 industrial plants, 2 fish enterprises, 3 contracting firms, 1 steamship company, 1 workshop, 1 petroleum enterprise, and 3 agricultural enterprises.

The current market trend is to purchase Peruvian-made paints. The main reason for this is tariff protection. In 1956, imported paints accounted for approximately 35 per cent of total Peruvian consumption. In 1958, this fell to 29 and during 1959 to 24 per cent. In 1960, the percentage will probably be even less. This drop in consumption of foreign paints resulted principally from the imposition during the first half of 1958 of an internal surtax of 200 per cent on the basic rates of customs duties for all types of paints and varnishes, and the devaluation of the Peruvian sol by more than 40 per cent between January 1958 and December 1959. Imports of varnishes in 1956 stood at 207 tons. They decreased to 194.2 tons in 1957 and to 185.1 tons in 1958. Imports of paints have also fallen from 1,041.4 tons in 1956 to 705.2 in 1958.

Import Procedure

The sources of supply of imported paints have not varied much in the last few years. The United States is by far the largest supplier, followed by Germany and the United Kingdom. Up to 1958, there were good opportunities for imports of celluloid, pyroxylin and other similar base paints, water paints or pigments specially required for the leather industry, and enamels. Paints may be imported freely without import licence and there are no foreign exchange controls. Although production costs have risen considerably, the locally made paints are still cheaper than imports; the difference in price varies from 50 to 100 per cent, according to the type.

The U.S. gallon is the basic measure used by the Peruvian paint industry, which packs its various products in 50/55 gallon drums; and in cans of 5-, $\frac{1}{2}$-, $\frac{1}{4}$-, $\frac{1}{8}$-, $\frac{1}{10}$-, $\frac{1}{16}$-, $\frac{1}{32}$-, and even $\frac{1}{64}$-gallons. (The last two sizes are used mainly for gold paints, consumption of which is very small.) Pigments are sold in 25- and 50-kilogram bags, and pastes in 1- and 5-gallon kegs (20 and 100 pounds respectively).

One or two Peruvian manufacturers produce paint under licence from foreign manufacturers and the local manufacturer may sell the product under his own trade name. Imported paints are handled by manufacturers' representatives or distributors who carry stocks. Under prevailing conditions, these stocks have either been severely curtailed or not replaced. Agents and distributors are usually granted 75-day sight draft against documents.

Import opportunities are now confined primarily to very low-priced or highly specialized paints. There is also a limited market for imported high-gloss interior paints but sales are small. ●

The Market in Argentina

Thriving local industry and current high surcharges on imports restrict opportunities; this situation will probably continue.

C. S. BISSETT, *Commercial Counsellor, Buenos Aires.*

ARGENTINA is almost entirely self-sufficient in finished paints, varnishes and lacquers and in the primary materials necessary to produce them. The local industry is well developed and, in line with current Argentine policy, it is well protected against competition from similar foreign products. As a result, this country is not a worthwhile market for Canadian producers of ready-mixed paint products. The only possible but unlikely exception is highly specialized items resulting from comparatively new processes not yet adopted here.

Local Production

The local association of paint manufacturers has 54 members and in addition there are a half-dozen or so non-members. Among these are three branch factories of British firms (one of which has an affiliate in Canada) and one of a well-known United States firm which also operates a branch in Canada. The latest techniques are therefore available to the local industry and since the abolition of exchange control made possible the purchase of the most suitable primary materials wherever they may be found, the quality of the local product has improved.

No production statistics are published either by the Government or by private bodies. The only clue to the volume and value of this comparatively important Argentine industry is that the 1958 volume of all types of paints, enamels, varnishes and lacquers weighed about 100 million kilograms of 2,204 pounds each and the value of all sales totalled an estimated U.S. $66.6 million, f.o.b. factory. The manager of one of the principal factories has provided a rough estimate of the annual production of each group as follows (in million of kilograms)—oil paints 16; water paint (largely emulsified) 4; syntheti (almost all enamels) 23; paints i paste form 7; varnishes, all types 2 nitrocellulose types 5; all others 3

All local paints are packed fo retail sale in metric system measures, either litres for liquid paint or kilograms for solids, or in divisions or multiples of them. Metric system measures must be show clearly on all labels although othe kinds of measures may also appea

Sales opportunities are confined almost wholly to primary and secondary materials required for further manufacture. The table below includes all of the classifications of the import statistics relating to paints (including enamels, varnishes and lacquers) whether of finished items or of the primary and secondary materials needed by the local industry.

Imports Small

The first item in the table is almost wholly paints in paste form (all from the United States) rather than wood sealers; neither product presents any manufacturing problem and both are produced locally by many companies. The trade believes this was a special government purchase because of the low unit price per kilogram. Ordinarily the trade does not import paints in paste form.

Some 83 per cent by value of the imports of the liquid paints and enamels with cellulose base came from the United States, 7 per cent from West Germany, 6 per cent from Norway, and the remainder from Spain, France and Japan. These paints were chiefly imported in bulk, for repacking here in retail containers. However, the major portion of the U.S. share was brought in as a capital investment by the local branches or affiliates of well-known United States manufacturers not connected with the paint industry, who were either setting up new plants or extending present ones. Ordinarily the trade does not import this type. The same applies to water paints, entirely shipped from the United States.

Of the paints and pigments n.e.e., in powder or lumps, much the greater part consisted of pigments. This item is normally imported for further manufacture by the paint industry. However, it did not include any ochres, ferrite or lithopone; these are separately classified but there were no imports in 1958. Suppliers were Britain 42 per cent, France 30, West Germany 20, U.S. 6, Japan and Italy, the remainder.

The United States supplied some 79 per cent of the oily varnishes; the rest came from West Germany as did all the volatile varnishes. These were almost wholly insulating varnishes.

The dry lacquers came mainly from Europe. The United Kingdom, with 39 per cent, was followed by West Germany 20, United States 17, Denmark 13 and Netherlands 9 per cent; the small remainder was split up among Italy, Belgium, Sweden and France. Dependable trade opinion is that these products, officially classified as lacquers, were more likely pigments for use chiefly in the textile and printing trades rather than in the paint trade. The water-type lacquers were supplied entirely by the United States.

For a population of about 20 million in 1958, the total imports of both ready-to-use products and prime materials were small. In addition to the items listed, some natural resins are brought in. However most synthetic resins used in the paint industry are produced in Argentina factories.

IMPORTS—1958

Product	Kilograms	U.S. Dollars
Paints in paste form n.e.e. and wood sealers	1,695,211	161,690
Liquid enamels and paints with base of celluloid, cellulose and similar	5,718	81,638
Water and paints	17,499	6,300
Paints or pigments n.e.e. in powder or lump form	25,595	43,426
Varnishes, oily, with base of drying or polymerized oils	35,335	28,375
Varnishes, volatile, in general	1,451	1,527
Lacquers, dry, in general	100,644	260,659
Lacquers, water type	73	180
Total	1,881,526	583,795

Import Regulations

The 1958 figures, although they are the latest available, are not dependable as an indicator of the types and origin of imports that may have taken place from the beginning of 1959 to date, because the system of controlled exchange rates and import and exchange permits was abolished effective January 1, 1959. Since then it has been possible to import freely any class or kind of paint products from any currency area, rather than make purchases according to the type of foreign exchange available.

In actual practice, however, imports have shown no important increases because of the protection accorded to local industry through the system of exchange surcharges imposed on the same date that the exchange permit system was abolished. An explanation of these changes is contained in the article "Argentina Alters Trade Controls" published in the July 4, 1959, issue of *Foreign Trade*. Since then the so-called "previous deposit" requirement has been eliminated and the maximum surcharge of 300 per cent has been reduced to 150 per cent, except for certain items "under study" which must pay temporarily an extra 50 per cent. All of these exchange surcharges are based on the c. and f. invoice value of the goods. These surcharges and duties give such marked protection to the local product that foreign ready-to-use products find it almost impossible to compete. Because the value of the peso has fallen so much over the past decade, the basic customs duties do not give much protection but the surcharges constitute a severe handicap. Canadian paint manufacturers who wish to have specific information about these surcharges and how they work out should write to the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Exports of paint products to date have been very small and have been shipped to nearby countries only (chiefly Paraguay and Bolivia, but also to Peru and Chile), aided appreciably by the bilateral trade treaties in force.

Because the Argentine industry operates behind a high protective wall, production costs are also high. Present policy is to allow existing bilateral treaties to lapse and when these aids to export end, it is not expected that the Argentine product will be able to compete effectively in foreign markets.

As long as the exchange surcharge system continues in force, the prospects for the sale of Canadian paints in Argentina will continue to be extremely poor. Although it has been announced that the surcharges are purely temporary, they may continue in force for a long time. Argentina is preparing a completely new customs import tariff and when it comes into force, it has been stated, the exchange surcharge system will be abolished. Nevertheless official policy is to protect local industry and it is unlikely that foreign paints will capture any worthwhile portion of the Argentine market. ●

U.S. Promotes Export Trade

Eager to increase its export trade to cut down a balance-of-payments deficit, the U.S. Government proposes to assist exporters in a variety of ways.

T. M. BURNS,
Commercial Counsellor,
Washington.

THE President of the United States recently submitted to Congress plans for an expanded program of government assistance to United States exporters. This additional government encouragement has been proposed as a result of two major developments. First, the deficit in the United States balance of payments in 1959 reached a record $3.7 billion and this has caused the U.S. authorities considerable concern. The feeling is that this deficit should be reduced substantially by increased exports. Second, many countries in recent months have eliminated or reduced discriminatory import restrictions against goods coming from the dollar area. In most cases, these restrictions had been in force ever since World War II and their elimination meant that markets closed to U.S. exporters for fifteen or twenty years once again offered opportunities.

The proposed export promotion and assistance program is divided into two broad categories. First comes the expansion and development of services available through the U.S. Department of Commerce and United States missions abroad. Second is the establishment of an export credits insurance scheme to be administered by the Export-Import Bank.

Broadly, the increased activity of U.S. government departments and agencies is taking the following forms:

- A strengthening of the trade promotion services of the Department of Commerce, including its field offices located throughout the U.S.
- The application of a higher priority to commercial activities in United States embassies and consulates abroad and an increase in the number of officials specializing in trade promotion.
- Expansion of agricultural trade promotion by the Department of Agriculture.
- Establishment of permanent overseas trade centres.
- Increasing use of United States Government exhibits in international trade fairs abroad to draw attention to United States goods.
- Greater emphasis on the promotion of tourist travel to the U.S.

The U.S. Department of Commerce will take steps to stimulate the interest of the business community in the greater potential for export sales. The distribution of information about trade opportunities abroad will also be improved. This program will involve the preparation and distribution of market surveys on a specific product and country, the dissemination of practical advice to U.S. firms designed to help them get into the export business, and the publication of more reports providing up-to-date information on foreign economic and trading conditions.

The State Department will increase the number of commercial officers in its posts abroad. It has been suggested that the current figure of about 115 commercial attachés abroad will be doubled by the time this program has been completed. This will involve the recruiting of additional staff from younger men and women wishing to qualify for commercial work abroad.

In the first stages of the export-promotion program, it is expected that two overseas trade centres will be established. One of these will be located in an industrially advanced country, the other in a less developed one. These centres will house permanent displays of United States goods and these displays will be rotated periodically. Steps are also being taken to improve commercial libraries and reading rooms at U.S. posts abroad.

Some of the activities mentioned above are already being undertaken by government departments. Others, such as the increase in the number of commercial specialists abroad and the establishment of trade centres overseas, will require supplementary appropriations. It is expected that the Administration will submit its request for increased funds for these purposes to Congress within the next few weeks.

Export Credits Insurance

The establishment of export credits insurance by the Export-Import Bank represents a new development for the United States. Details of these arrangements which have been announced include a new system of export guarantees, covering political risks only, in short-term transactions where credits are not over 180 days. It is expected that political risk guarantee contracts will cover to the extent of 90 per cent risks of non-transferability or non-convertibility of foreign currencies; losses resulting directly from war, civil commotion and expropriation, and those resulting from the imposition of import restrictions or the cancellation of import permits. As in all other countries offering this service, the exporter who obtains a guarantee agreement on short-term transactions will be required to declare and pay fees on all his eligible export shipments as they are made. Guarantees under these short-term transactions will not include credit risks.

It should be noted that in Canada the Export Credits Insurance Corporation, a Crown Company, has been providing protection for Canadian exporters for the past fifteen years. The Corporation insures Canadian exporters against non-payment by foreign buyers due to *both* credit and political risks. Insurance is provided for consumer goods and other commodities sold on short-term credit, generally not in excess of 180 days, and also for capital goods or heavy equipment where credit terms may run to a number of years after delivery. The provision of export credits insurance by the Export-Import Bank will protect U.S. exporters against non-payment due to political risks but not against credit losses. The Canadian system provides protection against both credit losses and losses arising from political causes.

Medium-Term Credits

The Export-Import Bank will also offer an expanded program, in conjunction with commercial banks, of medium-term credits (one to five years). The Bank will take part in the financing of medium-term transactions in sole reliance upon the credit judgment of a U.S. commercial bank in these circumstances:

1. Whenever a commercial bank is prepared to finance, for its own account and without recourse to the exporter, the first three or four semi-annual instalments of a three-to five-year credit, Eximbank will finance the remaining instalments.

2. If the exporter and a commercial bank will participate in each of the instalments—the exporter to the extent of 15 per cent of the invoice value and the commercial bank to the extent of 10 per cent of the invoice value for its own account and without recourse to the exporter—Eximbank will finance 55 per cent of the invoice value of the export. In each of these circumstances, the foreign buyer must have paid at least 20 per cent of the invoice value by the time of delivery.

The Export-Import Bank is studying procedures to accelerate the processing of applications for assistance on medium-term transactions currently available from the Bank. ●

Wines from the Holy Land

THE wines of Israel, produced from grapes grown on the Plains of Judea, the Valley of Sharon and the hills of Samaria, are now exported to 26 countries, principally the United States, the United Kingdom, and Canada. Belgium, West Germany, Holland, Switzerland and Brazil purchase smaller quantities. Over 80 per cent of these exports are handled by the Co-operative Winegrowers' Society which includes 90 per cent of all growers. Export earnings in 1959 reached $420,000 compared with $326,000 in 1958; estimates for this year are set at $650,000. Canadian imports of Israeli wines and brandy increased from $23,000 in 1958 to $28,355 in 1959.

Israel's vineyards have expanded almost threefold to 9,000 acres since 1958. With the expected increase in grape yields during the next few years, the Co-operative Winegrowers' Society of Rishon le-Zion and Zichron Yaacov is enlarging the capacity of its wineries by one million litres to bring it to 18 million. These two wineries, reportedly among the largest in the world, have received $550,000 worth of new equipment in recent years from France and West Germany. A new brandy distillery costing $280,000 has been built.

Favourable climate and soil and a continuous process of grape selection and improvement have gained an international reputation for Israeli wine. Modern production methods were introduced at Rishon le-Zion in 1881 and later at Zichron Yaacov by Baron Edmond de Rothschild. With his wealth and broad vision and the aid of French specialists, he rejuvenated an industry that now numbers 15 wineries.

Israel was famed even in antiquity for its wines. According to the Bible, Noah planted the first vineyard in Israel. The story is told of scouts sent by Moses to espy the land. They returned from Canaan to the wilderness with a cluster of grapes so luscious and heavy that two men had to carry it on a stick. Today, these two scouts bearing the gigantic grape cluster have become the trademark of Israel's wine producers.

—C. SWIFT,
Office of the Commercial Secretary, Athens.

India Builds Up Paper Industry

Indians demand more paper as education spreads and industry grows; must import newsprint until young papermaking industries get on their feet.

H. A. GILBERT, *Trade Commissioner, Bombay.*

INDIA'S output of paper and paper products is expanding every year, though annual per capita consumption is still among the lowest in the world, at about two pounds per person. A comparison with the three biggest consumers in the world—the United States with 405.6, Canada 280 and Sweden 222 pounds per person—points up how far India still has to go with her plans for the spread of education, growth in industrialization, and improvement in the standard of living.

It will be some time before India's consumption of paper and paper products approaches that of the leading consuming countries. But there is ample evidence that the Planning Commissioners for the First and Second Five Year Plans and the coming Third Plan have been mindful of the importance of increasing output of paper and paper products in line with the over-all industrial development of the country. The per capita consumption of paper is an index of a nation's educational, social and industrial advancement.

Paper Production Rises

In 1951-52 annual consumption of paper (in thousands of tons) totalled 218.5, and by 1957-58 has reached 329.8; newsprint accounted for 50.5 in 1951-52 and for 79.3 in 1957-58. Annual consumption of writing and printing paper exclusive of newsprint totalled 95,100 tons in 1951-52 and 142,000 in 1957-58.

Annual installed capacity of the 19 units making paper and paperboard in India totalled 268,600 tons at the beginning of 1959. There are three additional mills with a total annual capacity of 27,000 tons of paper and paper products (other than newsprint) that started production last year. The accompanying table summarizes production and imports of paper and paperboard exclusive of newsprint, and the amounts available for consumption.

INDIA'S PAPER INDUSTRY

	Output	Imports	Available for consumption
		('000 tons)	
1951-52	135	33	168
1952-53	137	39	176
1953-54	137	42	179
1954-55	169	38	207
1955-56	187	50	237
1956-57	197	45	242
1957-58	219	38	257
1958-59	261	13	274

The amount of paper for consumption rose by about an average of 8 per cent a year from 1951-52 to 1955-56 (the First Five Year Plan). In the first three years of the Second Plan, the annual increase dipped to 4 per cent because of import restrictions imposed in 1957 following the shortage of foreign exchange. It is estimated that by 1960-61 production will have risen to 320,000 tons and the total amount on hand will reach some 335,000 which includes 15,000 tons of imports.

The Union Minister for Industry stated recently that a production target of 700,000 tons had been set for the Third Five Year Plan which starts in 1961. The capacity target of 450,000 tons set for the Second Plan has actually been surpassed and now stands at 688,000.

More Newsprint Needed

At present there is only one newsprint mill operating in India; it is publicly-owned and is situated at Nepanagar in Madhya Pradesh. The mill came into production 12 years ago and first started to produce newsprint in 1955; bamboo and salai pulp are used in the proportion of 35:65. Maximum production of 21,800 tons a year was achieved in 1958-59, and capacity is to be boosted to 200 tons a day.

Three or four schemes to set up newsprint mills are under consideration. They envisage production initially from imported pulp which would be gradually replaced by indigenous raw material. Because the demand for newsprint has been rising steadily in the past few years and is now between 75-80,000 tons a year, about 80 per cent of requirements have to be imported. The estimated demand for 1960-61 is 120,000 tons.

India will have to rely on imported newsprint for the next two or three years at least, though there will be a gradual change from imports of paper to pulp as soon as new mills come into production. To make newsprint of satisfactory quality and sufficient tensile strength for high-speed operation from local pulp will depend on the success of worldwide research into a method for using cellulosic raw materials in place of coniferous pulp.

Canada's share of India's newsprint imports has dropped off considerably since 1955, when it stood at 20.5 per cent of total imports. It is now only 3.8 per cent—a slump in value from $2 million to $500,000. The main suppliers last year in order of importance were the Soviet Union, Finland, Communist China, Poland, Sweden, Austria and Canada. One of the reasons why imports from Canada, the world's largest newsprint exporter, are dropping is that high ocean freights make Canadian supplies non-competitive in price. In addition, certain countries are selling for rupee account.

In line with the policy of relying less on imports, the Central Government has granted licences under the Industries Act for 14 projects for the manufacture of paper-mill machinery and parts. These plants will range from those producing papermaking machinery for mills of 50-ton capacity to those making only auxiliary parts and equipment.

Pulpmaking Materials

Paper mills in India are integrated units turning out both pulp and paper; at present there is no pulp mill producing only pulp. To avoid bringing bulky raw material over long distances, three pulp mills with a total daily capacity of 200 tons will be built close to the supply of the raw product.

Pulp in India is processed mainly from bamboo, salai wood, and sugar-cane bagasse. Pulpwoods such as fir and spruce are found in limited amounts in the lower Himalayan regions but are being used for making railway sleepers and packing cases. An examination of the area has revealed that it would not be economical to establish either pulp or paper mills there.

- *Bamboo* is the principal raw material for papermaking. Present consumption of this fast growing tropical plant is some 400,000 tons a year and is expected to rise to 600,000 tons by the end of 1960. It has been estimated recently that total resources of bamboo in India stand at 1.8 million tons a day on a felling cycle of four years. The rayon industry, whose needs of pulp have been met solely by imports (27,407 tons in 1958), will also make demands on bamboo. The erection of a rayon-pulp mill in India has been under consideration for the past two or three years, and a recent press report states that a plant is to be built in the State of Kerala with a capacity of 100 tons of bamboo pulp a day; it should come into production in mid-1962.

- *Bagasse* derived from sugar-cane, when mixed with other cellulosic materials, makes good quality paper and board. Two units are just coming into production, one of which will be using 100 per cent and the other 75 per cent of bagasse as raw material. Sugar-cane output totals some 58 million tons a year, of which 16 million are crushed in the 143 sugar factories. With the proposed expansion of capacity and construction of 57 new mills, it is estimated that 25 million tons of cane a year will be crushed for sugar; this should yield 3.75 million tons of bagasse on a dry-weight basis.

- *Salai* is a broad-leafed tree, with short-fibred pulp. The contour of the logs is uneven and the tree varies in quality from soil to soil and from season to season. The wood has poor keeping qualities and when the logs are debarked they are susceptible to fungus attack and will turn from a brownish to blackish shade within a week in hot and humid weather. A costly bleaching process is needed to tone up the colour of the mechanical pulp. The Nepa mills use salai, plus 35 per cent chemical pulp.

- *Other cellulosic raw materials*—There are other sources of raw material for pulping, such as sabai grass, eucalyptus, wattle, other broad-leaf trees, cotton and paper waste and straw. Except for sabai grass these have not been used to any extent. ●

Peru's Trade in Wood Products

THE vast forest zone of Peru—which covers some 289,355 square miles or about 60 per cent of the total land area—is a region of enormous potential. The latest figures show that Peru produced over 40 million square feet of wood in 1956, plus billets totalling 1.2 million kilograms. This timber, most of which came from the Amazon jungles, was valued at more than 103 million soles, or about Can.$3.6 million.

Nineteen different types of wood were milled in 1956, including aguano, mahogany, cedar, eucalyptus, auracauria pine, lagarto, oak, tornillo, ulcamano, and some 14 million square feet of other wood "not specified". The mills also turned out 292,781 square feet of plywood.

Peru's lumber and wood industry comprises 62 sawmills; 33 plants producing sawn wood, plywood and prefabricated structural wood; 17 wood manufacturing plants, and 5 box-and-case manufacturing plants—117 enterprises in all, 72 of which are in Lima. There are also 134 firms making household furniture, 11 that make partitions, shelving, cupboards. built-in office furniture, and windows, plus 6 others specializing in other built-in furniture. Of these enterprises, 132 are in Lima.

During 1956 Peru imported wood and wood products valued at Can. $3.3 million, compared with exports of wood totalling Can.$435,000. The level of imports was maintained during 1957 ($3.3 million) but exports dropped to $200,000. The following year (1958) imports dipped to $2.6 million, and exports to $102,000. Most of the wood was shipped through the Amazon port of Iquitos, capital of the Department of Loreto and Peru's principal river port and trade centre in the eastern region.

Peru does not offer a big market for imported woods in log or billets; most of its imports are of unworked common woods for posts or pilings. Small amounts of pitchpine are brought in, as well as deal, stowing woods, balsa (topa wood) and railway sleepers. The biggest imports, however, are of Oregon and other pines.

—W. J. JENKINS,
Assistant Commercial Secretary,
Lima.

Commodity Notes

Aircraft

FRANCE—Cessna Aircraft and France's Max Holste, specialists in light transport craft, now have an agreement giving Holste rights to make Cessna parts and equipment for distribution in Europe and Africa. Cessna in turn acquires sales and manufacturing rights for Holste products in North America.

United Aircraft Corp. (UAC) and Société Nationale d'Etude et de Construction de Moteurs d'Aviation (SNECMA), a nationalized French aviation firm, have also announced a licensing agreement. Under the plan, the French firm will build and market UAC's jet engines, plus all the U.S. firm's piston engines. In return, UAC will get a 10.9 per cent interest in the French company and representation on its Board of Directors—Paris.

Atomic Fuels

ITALY—Recently a firm known as Societa Internazionale Italatom was established in St. Louis, Missouri; 50 per cent of the capital is to be furnished by Montecatini of Italy. The remaining capital is to be provided by U.S. and South African firms.

The new company is to set up a plant to process thorium and uranium and will create a commercial organization to sell atomic fuels in Italy and in other countries. Montecatini will also undertake the general management of the company—Rome.

Cast Products

SWEDEN—A dozen companies in the foundry business, accounting for over 25 per cent of all cast goods produced in Sweden, have formed a joint body for a far-reaching quality control of their products. Known as "Svecast", the group has worked out special quality specifications and will also spread information on the use of cast products—Stockholm.

Chemical Pulp

NORWAY—A new pulp mill, with a capacity of about 14,000 tons of semi-chemical pulp a year, has now started production in Vadheim, western Norway. Most of the production will be exported to the United Kingdom. The mill is the only one of its kind in Norway that uses mainly deciduous timber as raw material. A sulphate cellulose mill is also planned for southern Norway, and a wood processing plant for the county of Trøndelag. Another plant under consideration is a 60,000-ton sulphate cellulose factory at Kirkeness, in co-operation with Finland. This mill would use Finnish timber—Oslo.

Clothing

JAMAICA—Five factories will soon be built to make for export embroidered lingerie, foundation garments, knitted sport shirts, undergarment accessories and children's wear. These companies are subsidiaries of United States clothing firms and have been established here under the Export Industry Encouragement Law. It is expected that the industry will create up to 4,000 new jobs within the next ten years—Kingston.

Dumpers, Loaders, Trailers

PORTUGAL—The Director-General of Industrial Services has authorized the setting up of a factory south of the Tagus River to make heavy-load motor vehicles (dumpers, loaders, etc.) and trailers. Extensive civil engineering works during the past few years in Portugal—such as roads, highways, dams and factories—and the accelerated rhythm at which new projects in the Second Development Plan will have to be carried out, open up new markets for these vehicles—Lisbon.

Fish

SWEDEN—The Swedish West Coast Fishermen's Organization in Gothenburg has received an order from East Germany for Kr.1.7 million worth of deep-frozen herring and fresh-frozen mackerel. This order, plus one in January, brings to Kr.8 million the total of fish exports to East Germany during the first half of 1960. Shipments consist mainly of herring, codfish and fillets.

Last year, East Germany's global quota for Swedish fish totalled Kr.22.5 million. The entire quota was not used and has thus been reduced to Kr.18 million for 1960. Of the Communist countries, East Germany is Sweden's biggest market for fish. Czechoslovakia buys some too but it is unusual for Swedish fish to be exported to the Soviet Union, Poland or the Balkans —Stockholm.

Footwear

NETHERLANDS—The Dutch shoe industry increased production in 1959 by 16 per cent to 32 million pairs. Exports rose to 6.25 million pairs valued at 40 million guilders and imports to 5 million pairs valued at 29 million. The early fears of the Dutch footwear industry about intensified competition for export business upon the establishment of EEC will not be realized for some time because of differences in consumer preferences. Wage costs will rise as the EEC develops but these, it is hoped, may be offset by automation, mechanization and further integration in the industry —The Hague.

Iron and Steel

ITALY—A new blast furnace and rolling mill have been inaugurated in the Ilva factory at Bagnoli, near Naples. The blast furnace has a capacity of 1,200-1,400 tons of pig iron a day and its crucible has a diameter of almost nine yards. The rolling mill, suitable for dealing with ingots up to a weight of ten tons each, can turn out 230 tons per hour. It is estimated that in 1960, this factory will produce about 888,000 tons of steel and 820,000 of cast iron.

Additions and improvements to the Bagnoli factory, costing some $77 million, form part of a plan recently approved by IRI (Italian Institute for Reconstruction) to boost steel and pig-iron production in Italy during the next four years. It is expected that by 1964, total Italian steel output will have risen from the present 4 million tons to 7.2 million, and pig iron from 1.8 million tons to 5.4 million—Rome.

Metals

NORWAY—Norway's metal production rose steadily last year and for several metals, output is breaking all records. Aluminum production totalled 106,800 tons during the first nine months of the year, compared with 88,700 in 1958; the preliminary figure for the whole year is some 140,000 tons (122,000 in 1958). Expansion schemes are under way that will boost Norway's aluminum production to 160,000 tons in a few years.

During the first nine months of 1959, copper output reached 14,250 tons (13,100 tons in the corresponding period of 1958), nickel 18,768 tons (17,760), and crude steel 292,000 tons (269,100). The ferro-alloys industry, which in 1958 suffered a serious setback, made some progress last year. Output of ferro-alloys other than ferrosilicon totalled 112,860 tons in the first three quarters of 1959, compared with 96,800 in the same period of 1958. Ferrosilicon production is running slightly above 1958—Oslo.

Research Reactor

SWEDEN—Sweden's third reactor, R 2, went into operation recently at AB Atomenergi's research station Studsvik on the Baltic Coast south of Stockholm. R 2, a materials testing unit, is the biggest research reactor operating in Europe. The new $6.2 million reactor is intended for testing materials and developing fuels for the forthcoming large power-producing reactors. Several research institutes will also use the unit for experiments.

Previous Swedish reactors are the R 1 in Stockholm and the R 0 zero-effect reactor at Studsvik. The smaller R 2-0 is scheduled to go into operation at Studsvik in the next few months.

Later this summer R 2, which is a reactor of the modified pool type, will be equipped with a new tank that will permit it to be operated at 30,000 kw. The fuel is about six kilograms of highly enriched uranium —Stockholm.

Zinc

SPAIN—The new Spanish zinc factory, Española del Zinc, at Cartagena, has now been completed and is turning out electrolytic zinc of 99.99 per cent purity. The factory was financed privately by the Banco Central. Production is expected to total 20,000 metric tons of electrolytic zinc (capacity: 40,000 tons of blende) a year—enough to cover domestic requirements and leave a surplus for export. Zinc of such high purity is in great demand in world markets, and the factory should give Spain a profitable zinc export business—Madrid.

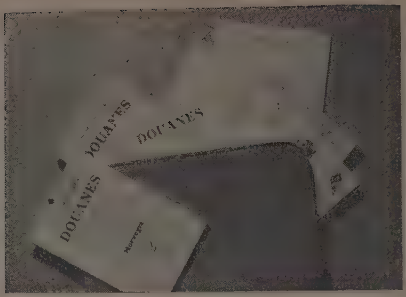
Tours of Territory

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Belize, British Honduras, from September 13-20.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Belgrade, Zagreb and Ljubljana in Yugoslavia from July 18-29.

W. R. VAN, Commercial Secretary in Dublin, Ireland, will visit Cork from July 19-20, and Waterford on July 21.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bullis at Kingston, Mr. Thomson at Vienna and Mr. Van at Dublin.



Trade and Tariff Regulations

Australia

TARIFF CHANGES—The Australian Government has announced that, effective May 20, 1960, tariff changes have come into force on the items listed below:

Copper and copper alloy products
Aluminum foil (date of coming into force to be proclaimed)
Footwear
Synthetic fabrics
Embroideries
Alternating current induction-type motors
Radio and television equipment
Portable electric hand tools
Oil or spirit heating lamps
Optical lenses
Colours and dyes
Paint boxes
Hacksaw blades

Details of these tariff changes may be obtained from the International Trade Relations Branch of the Department of Trade and Commerce.

Italy

DOLLAR LIBERALIZATION—The Italian Government has taken further steps to liberalize imports from dollar countries. Effective June 15, 1960, some 1,136 items were freed from Italian import restriction. Among the commodities that have been liberalized, the following are of interest to Canada:

Synthetic rubber of various categories including certain shapes, solutions and dispersions
Gluten and gluten flour
Meats of various kinds
Various edible vegetables and plants
Potato flour, semolina and flakes, oats
Oilseeds, particularly rape and mustard seed
Oilseed meal and fruit meal
Sodium cyanide, various hydrocarbons
Acyclic alcohols and their nitrates and nitrous derivatives
Vinyl acetate monomer
Various ammine-function compounds
Various ethanolamines as well as a number of industrial raw materials and fabricated items.

The 764 items still subject to import licensing are mainly agricultural commodities, some chemical and pharmaceutical products, and certain steel alloys and engineering products. Details about the status of particular commodities under Italian import regulations may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

Pakistan

IMPORT CONTROLS—The Chief Controller of Imports and Exports, Pakistan, has announced changes in import policy for the shipping period July-December 1960.

Eleven items regarded as luxuries have been eliminated from the licensable list: haberdashery; liquid gold; gramophone records; fabrics, n.o.s.; fents; toilet requisites; perfumery concentrates; smokers' requisites; tiles and bricks, all sorts; rubber manufactures, all sorts; textile fabrics, all sorts, including binding cloth; and tea chests. Spectacle frames and parts and accessories thereof have also been taken off the licensable list in view of the adequate production in the country.

The following 28 items have been placed under Automatic Licensing, effectively freeing them from import control. They may be freely imported by importers holding category licences, and importers may apply for additional category licences as required for these goods:

Industrial Items

Iron and steel
Metals
Explosives
Camphor
Gas in cylinders
Chemicals
Coaltar dyes
Dyeing and tanning substances
Gas black and carbon black
Rubber, raw, including synthetic rubber
Rubber scrap
Gelatine capsules
Lubricants—procedure of licensing will be notified separately

Agricultural Items

Tractors and tractor spares
Plants, living
Vegetable and flower seeds, excluding onion sets and onion seeds
Nylon twine (for fishing industry)

Consumer Items

Books
Laboratory glassware
X-ray films and plates
Tires and tubes
Scientific and surgical instruments, apparatus and appliances made of rubber, including contraceptives
Parts and accessories for automotive vehicles, including spares for marine engines

For East Pakistan Only

Cement, grey
Limestone
Soda ash
Milk food
Motor rickshaws

Peru

SURTAXES ABOLISHED ON CERTAIN IMPORTS —Under a series of exchange control measures in May and June of 1958 the Peruvian Government imposed surtaxes on all imports, except a few basic items, increasing their specific duties by either 50 or 200 per cent and in April 1959, levied additional import taxes of 10, 20, or 25 per cent ad valorem on a wide range of non-essential goods.

As a result of improved economic conditions, Peru has now abolished the surcharges on 65 items. Effective June 3, 1960, the 200 per cent surtax and the 20 per cent import tax have been removed from assembled passenger motor vehicles (excluding buses and vans) and house-trailers of up to 60,000 soles each in value.

Also effective June 3, Peru has eliminated the surtax on a number of other items that were not subject to the import tax. These are hand tools and utensils for the agricultural, mining, and other industries; office machinery and apparatus; conveying, lifting and digging machines for buildings and for roads; printing and textile machinery; sewing machines; machine tools; electric hand tools; sparkplugs and electrical equipment for internal combustion engines, including those for motor vehicles.

West Germany

DOLLAR IMPORTS LIBERALIZED — Effective July 1, 1960, the Federal Republic of Germany liberalized a number of items of interest to Canada. A representative list of commodities originating in dollar countries which have now been freed from restrictions includes the following:

synthetic rubber
primary aluminum
forage and grass seed
vegetable grain and flower seed
phosphorus, lithium hydroxide, silicon carbide and polyesters.

Further details of this German liberalization measure may be secured from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Trade Commissioners on Tour

R. E. Gravel

K. Nyenhuis

R. G. Woolham

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela:

Winnipeg—July 20-21
Toronto—July 25-Aug. 5
Ottawa—Aug. 7-12
Montreal—Aug. 14-25
Quebec—Aug. 26-27

When he completes his tour and leave, Mr. Gravel will be transferred to Hamburg, West Germany, as Consul.

K. NYENHUIS, Trade Commissioner in Leopoldville, Belgian Congo:

Toronto—July 11-20
Hamilton—July 21-22
Montreal—July 25-Aug. 5
Granby—Aug. 8
Quebec—Aug. 9
Saint John, N.B.—Aug. 11-12

When he completes his tour and leave, Mr. Nyenhuis will be transferred to Copenhagen, Denmark, as Commercial Counsellor.

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan:

Vancouver—Sept. 1-2
Calgary—Sept. 6
Winnipeg—Sept. 7-9
Ottawa—Sept. 12-23

When he completes his tour and leave, Mr. Woolham will be posted to Paris, France, as Assistant Commercial Secretary.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Foreign Trade Service Abroad

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor G. E. Blackstock Assistant Commercial Secretary	Canadian Embassy Bartolome Mitre 478 Buenos Aires	*Mail:* (City Address) *Cable:* Canadian *Tel:* 33-8237
Australia (Capital Territory New South Wales, Queensland, Northern Territory) Dependencies	S. V. Allen Commercial Counsellor for Canada L. D. Burke Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street Sydney	*Mail:* P.O. Box 3952 G.P.O. *Cable:* Canadian *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada	83 William Street Melbourne	*Mail:* (City Address) *Cable:* Canadian *Tel.:* MU 4716
Australia	R. B. Nickson Commercial Secretary	Office of the High Commissioner for Canada State Circle Canberra	*Mail:* (City Address) *Cable:* Domcan *Tel.:* U-1304
Austria Bulgaria, Czechoslovakia, Hungary, Romania, Yugoslavia	R. K. Thomson Commercial Counsellor P. A. Freyseng Assistant Commercial Secretary	Opernringhof Opernring 1 Vienna 1	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 57-25-97
Belgium Luxembourg, European Economic Community, European Atomic Energy Community, European Coal and Steel Community	L. H. Ausman Commercial Counsellor P. T. Eastham Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science Brussels 4	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 13.38.50
Brazil	Wm. Jones Commercial Counsellor	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 Rio de Janeiro	*Mail:* Caixa Postal 2164 *Cable:* Canadian *Tel.:* 42-4140
Brazil	D. M. Holton Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 Sao Paulo	*Mail:* Caixa Postal 6034 *Cable:* Canadian *Tel.:* 36-6301
Ceylon	I. V. Macdonald Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens Colombo	*Mail:* P.O. Box 1006 *Cable:* Canadian *Tel.:* 91341
Chile	H. M. Maddick Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 Santiago	*Mail:* Casilla 771 *Cable:* Canadian *Tel.:* 64189
Colombia Ecuador	J. H. Bailey Commercial Secretary and Consul	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 Bogota	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* Canadian *Tel.:* 43-00-65
Congo Angola, Central African Republic, Chad, Congo (French Community), Gabon	R. A. Bull Acting Trade Commissioner	C.C.C.I. Building Boulevard Albert 1er Leopoldville 1	*Mail:* Boîte Postale 8341 *Cable:* Canadian *Tel.:* 2706

Territory	Officer	City Address	Mail and Cables, Office Telephone
Cuba	R. R. Parlour Commercial Counsellor	Canadian Embassy Edificio Ingenieros Civiles Calle 17 y o Vedado Havana	*Mail:* Apartado 1945 *Cable:* Canadian *Tel.:* 32-3526
Denmark Greenland, Poland	Commercial Counsellor (absent)	Canadian Embassy Prinsesse Maries Allé 2 Copenhagen V	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Hilda 3306
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor J. M. Knowles Assistant Commercial Secretary and Vice Consul	Canadian Embassy Edificio Copello 408 Calle El Conde Ciudad Trujillo	*Mail:* Apartado 1393 *Cable:* Canadian *Tel.:* 2-8138
France Algeria; Cameroon Republic, Dahomey, Federation of Mali, Guinea, Ivory Coast, Mauretania, Morocco, Niger, Togoland, Tunisia, Volta	W. G. Brett Acting Commercial Secretary C. T. Charland Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne Paris 8e	*Mail:* (City Address) *Cable:* Canadian *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor G. F. Mintenko Assistant Commercial Secretary W. J. O'Connor Assistant Commercial Secretary (Agriculture)	Canadian Embassy 22 Zitelmannstrasse Bonn	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 21971
Germany	E. H. Maguire Consul General J. M. T. Thomas Vice Consul (absent)	Canadian Consulate General 69 Ferdinandstrasse Hamburg	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 326149
Ghana Gambia, Liberia, Nigeria, Sierra Leone	K. F. Osmond Commercial Secretary	Office of the High Commissioner for Canada E 115/3 Independence Ave. Accra	*Mail:* P.O. Box 1639 *Cable:* Canadian *Tel.:* 4824
Greece Cyprus, Israel, Turkey	L. D. R. Dyke Acting Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. Athens	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. W. Richardson Canadian Government Trade Commissioner	5a Avenida 11-70, Zone I Guatemala City, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* Canadian *Tel.:* 28448
Haiti	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau Port au Prince	*Mail:* P.O. Box 826
Hong Kong Cambodia, Communist China, Laos, Vietnam, Macao	C. M. Forsyth-Smith Canadian Government Trade Commissioner C. J. Small Trade Commissioner D. J. McEachran Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. Hong Kong	*Mail:* P.O. Box 126 *Cable:* Canadian *Tel.:* 27743

Territory	Officer	City Address	Mail and Cables, Office Telephone
India (except States of Gujerat and Maharashtra) Bhutan, Nepal, Sikkim	J. R. Midwinter Acting Commercial Secretary	Office of the High Commissioner for Canada 13 Golf Links Area NEW DELHI 1	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 35201
India (States of Gujerat and Maharashtra), Goa	G. P. Morin Acting Trade Commissioner	Gresham Assurance House Mint Road BOMBAY	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Tel.:* 255154
Indonesia	M. B. Blackwood Commercial Secretary	Canadian Embassy Djl. Budi Kemuliaan No. 6 DJAKARTA	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Gambir 1313
Iran	A. B. Brodie Commercial Counsellor	Canadian Legation TEHRAN	*Mail:* Central P.O., Box 1610 *Cable:* CANTRACOM *Tel.:* 49291
Ireland	W. R. Van Commercial Secretary for Canada	66 Upper O'Connell St. DUBLIN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 44251
Italy Libya, Malta	Richard Grew Commercial Counsellor M. S. Strong Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 861-951
Japan South Korea	J. L. Mutter Commercial Counsellor N. W. Boyd Assistant Commercial Secretary R. G. Woolham Assistant Commercial Secretary	Canadian Embassy TOKYO	*Mail:* Canadian Embassy *Cable:* CANADIAN *Tel.:* 408-2101/8
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary W. B. Walton Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Tel:* 50955
Mexico	F. B. Clark Commercial Secretary W. M. Miner Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D.F.	*Mail:* Apartado 25364 *Cable:* CANADIAN *Tel.:* 25-15-60
Netherlands	J. C. Britton Commercial Counsellor G. E. Woollam Agricultural Counsellor B. Horth Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 61-41-11
New Zealand Fiji, French Oceania, Western Samoa	J. H. Stone Commercial Counsellor W. J. Collett Assistant Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg., WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	M. B. Bursey Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 OSLO	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80

Territory	Officer	City Address	Mail and Cables, Office Telephone
Pakistan Afghanistan	L. A. Campeau Commercial Counsellor J. B. McLaren Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Rd. Karachi	*Mail:* P.O. Box 3703 *Cable:* Canadian *Tel.:* 50322
Peru Bolivia	W. J. Jenkins Acting Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin Lima	*Mail:* Casilla 1212 *Cable:* Canadian *Tel.:* 72760
Philippines Republic of China (Taiwan)	R. H. Gayner Acting Consul General and Acting Trade Commissioner	Canadian Consulate General Ayala Building Juan Luna Street Manila	*Mail:* P.O. Box 1825 *Cable:* Canadian *Tel.:* 3-33-35
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	T. J. Monty Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° Lisbon	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	8th Floor Grindlays Bank Chambers Baker Avenue Salisbury	*Mail:* P.O. Box 2133 *Cable:* Cantracom *Tel.:* 26571
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson Canadian Government Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. Singapore	*Mail:* P.O. Box 845 *Cable:* Canadian *Tel.:* 74260
South Africa (Natal, Transvaal, Orange Free State), Malagash, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner L. J. Taylor Assistant Trade Commissioner	Mutual Building Harrison Street Johannesburg	*Mail:* P.O. Box 715 *Cable:* Canadian *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore Cape Town	*Mail:* P.O. Box 683 *Cable:* Cantracom *Tel:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor (absent)	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 Madrid	*Mail:* Apartado 117 *Cable:* Canadian *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet Commercial Counsellor (absent) J. M. T. Thomas Acting Commercial Secretary (temporary)	Canadian Embassy Strandvagen, 7-C Stockholm	*Mail:* P.O. Box 14042 *Cable:* Canadian *Tel.:* 67-92-15
Switzerland	S. G. MacDonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 Berne	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 4-63-81
Union of Soviet Socialist Republics	W. Van Vliet Commercial Counsellor	Canadian Embassy 23 Starokonyushenny Pereulok Moscow	*Mail:* (City Address) *Cable:* Canad *Tel.:* 415142
United Arab Republic **Egyptian Region** Aden, Sudan, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City Cairo	*Mail:* Kasr el Doubara Post Office *Cable:* Canadian *Tel.:* 23110

Territory	Officer	City Address	Mail and Cables, Office Telephone
United Kingdom	B. C. Butler Minister (Commercial) (absent)	Office of the High Commissioner for Canada Canada House Trafalgar Square London, S.W.1	*Mail:* (City Address) *Cable:* Sleighing *Tel.:* Whitehall 8701
	S. G. Tregaskes Commercial Counsellor		
	W. Gibson-Smith Commercial Counsellor		
	D. B. Laughton Agricultural Secretary		
	E. J. White Commercial Secretary (Timber)		*Cable:* Timcom
	E. J. Ward Assistant Commercial Secretary (Timber)		
	W. A. Stewart Assistant Agricultural Secretary		
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street Liverpool	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Central 0625
United Kingdom (Scotland)	P. V. McLane Canadian Government Trade Commissioner	Cornhill House 144 West George St. Glasgow C.2	*Mail:* (City Address) *Cable:* Cantracom *Tel.:* Douglas 6751
United Kingdom (Northern Ireland)	W. R. Van Canadian Government Trade Commissioner	36 Victoria Square Belfast	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	M. Schwarzmann Minister-Counsellor (Economic)	Canadian Embassy 1746 Massachusetts Ave., N.W. Washington 6, D.C.	*Mail:* (City Address) *Cable:* Canadian *Tel.:* DEcatur 2-1011
	D. A. B. Marshall Agricultural Counsellor		
	T. M. Burns Commercial Counsellor		
	J. D. Blackwood Assistant Commercial Secretary		
	J. MacNaught Assistant Agricultural Secretary		
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda	B. I. Rankin Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Ave. New York City 19	*Mail:* (City Address) *Cable:* Cantracom *Tel.:* JUdson 6-2400
	A. A. Caron Consul and Trade Commissioner		
	F. I. Wood Vice-Consul and Assistant Trade Commissioner		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	J. C. Depocas Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street Boston 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320

Territory	Officer	City Address	Mail and Cables, Office Telephone
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	H. J. Horne Consul and Trade Commissioner N. L. Currie Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner R. V. N. Gordon Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	G. F. J. Osbaldeston Consul and Trade Commissioner	Canadian Consulate General 510 West Sixth Street LOS ANGELES 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* JAckson 5-2136
United States California (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 2-3515
Uruguay Paraguay Falkland Islands	Blair Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	W. D. Wallace Commercial Counsellor J. E. Montgomery Assistant Commercial Secretary	Canadian Embassy Edificio Pan American Avenida Urdaneta Puente Urapal, Candelaria CARACAS	*Mail:* Apartado 9277 *Cable:* CANADIAN *Tel.:* 54.34.32
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam, Guadeloupe, Martinique	R. F. Renwick Commercial Secretary R. L. Richardson Assistant Commercial Secretary	Office of the Commissioner for Canada Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner C. G. Bullis Assistant Trade Commissioner	Barclays Bank Building King Street KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.01943294.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent July 4	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01190	84.03	(1)
Austria	Schilling		.03777	26.48	
Australia	Pound		2.2029	.4539	
Bahamas	Pound		2.7536	.3632	
Belgium, Belgian Congo and Luxembourg	Franc		.01968	50.81	
Bermuda	Pound		2.7536	.3632	
Bolivia	Boliviano	Free	.00008586	11,646.87	
British Guiana	Dollar		.5737	1.74	
British Honduras	Dollar		.6884	1.45	
Brazil	Cruzeiro	General Category*	.004323	231.33	*June 21 (2)
		Special Category	.002123	470.90	
		Official selling	.05184	19.29	(3)
Burma	Kyat		.2064	4.84	
Ceylon	Rupee		.2065	4.84	
Chile	Escudo	Free	.9325	1.07239	(4)
Colombia	Peso	Certificate	.1464	6.83	
Costa Rica	Colon	Official	.1747	5.72	
		Controlled free	.1475	6.78	
Cuba	Peso		.9809	1.01947	tax 2%
Czechoslovakia	Koruna		.1362	7.34	
Denmark	Krone		.1424	7.02	
Dominican Republic	Peso		.9809	1.01947	
Ecuador	Sucre	Official	.06540	17.43	
		Free	.05736	15.29	
Egyptian Region, United Arab Rep.	Pound	Official	2.8168	.3550	
		Export account selling	2.5525	.3918	
El Salvador	Colon		.3924	2.55	
Fiji	Pound		2.4807	.4031	
Finland	Markka		.003065	326.26	
France, Monaco, etc.	New Franc		.2002	4.99	(5)
French colonies	Franc		.004004	249.75	(6)
French Pacific	Franc		.01101	90.83	(7)
Germany	D Mark		.2352	4.25	
Ghana	Pound		2.7536	.3632	
Greece	Drachma		.03269	30.59	
Guatemala	Quetzal		.9809	1.01947	
Haiti	Gourde		.1962	5.10	
Honduras	Lempira		.4905	2.04	
Hong Kong	Dollar	Free*	.1706	5.86	*June 24
		Official	.1721	5.81	
Iceland	Krona	Official	.02581	38.74	(8)
India	Rupee		.2065	4.84	
Indonesia	Rupiah	Official	.02180	45.87	(8)
Iran	Rial		.01295	77.22	
Iraq	Dinar		2.7466	.3641	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent July 4	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7536	.3632	
Israel	Pound		.5450	1.83	
Italy	Lira		.001581	632.51	
Japan	Yen		.002725	366.97	
Lebanon	Pound	Free	.3081	3.24	
Mexico	Peso		.07848	12.74	
Netherlands	Florin		.2602	3.84	
Netherlands Antilles	Florin		.5243	1.91	
New Zealand	Pound		2.7536	.3632	
Nicaragua	Cordoba	Effective buying	.1486	6.73	
		Official selling	.1391	7.19	
Norway	Krone		.1375	7.27	
Pakistan	Rupee		.2065	4.84	
Panama	Balboa		.9809	1.01947	
Paraguay	Guarani	Official	.008040	124.38	
Peru	Sol		.03574	27.98	
Philippines	Peso		.4905	2.04	
Portugal & Colonies	Escudo		.03423	29.21	(9)
Singapore and Malaya	Straits Dollar		.3213	3.11	
Spain and Dependencies	Peseta		.01635	61.16	
Sweden	Krona		.1902	5.26	
Switzerland	Franc		.2272	4.40	
Syrian Region, United Arab Rep.	Pound	Free	.2740	3.65	
Thailand	Baht	Free	.04635	21.57	(8)
Turkey	Lira		.1090	9.17	(8)
Union of South Africa	Pound		2.7536	.3632	
United Kingdom	Pound		2.7536	.3632	
United States	Dollar		.9809375	1.01943294	
Uruguay	Peso	Free	.08608	11.62	(10)
Venezuela	Bolivar		.2928	3.41	
West Indies Fed.	Dollar		.5737	1.74	(11)
	Pound		2.7536	.3632	(12)
Yugoslavia	Dinar	Official	.003269	305.90	(8)
		Settlement rate	.001552	644.28	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Markets in Brief

SPAIN

Area: 195,000 square miles.

Population: 30.2 million.

Climate: cool and wet in north; dry in large central plateau surrounding Madrid; sub-tropical on Mediterranean.

Language: Spanish. Sales literature in Spanish.

Currency: Peseta; rate—60 pesetas to U.S.$1.00; 63 to Can. $1.00.

Weights and measures: metric system.

Capital: Madrid; altitude 2,150 feet; dry, hot summers.

Chief ports: on Mediterranean—Barcelona, Tarragona, Valencia, Alicante and Malaga. On Atlantic—Bilbao, Santander, Corunna, Vigo and Cadiz.

Marketing centres: Madrid (population) 2 million, Barcelona 1.6 million, Valencia 530,000, Seville 450,000, Malaga 300,000, Bilbao 270,000, Santander 200,000, Corunna 160,000, Cadiz 100,000.

Economy: mainly dependent on agriculture, forestry, fishing, mining, wine and cork production.

Total Spanish imports: 1958—U.S.$849 million (c.i.f.); 1957—$862 million.

Chief imports: 1958 (in per cent)—petroleum, gasoline and tobacco 22.0; machinery, apparatus and vehicles 19.0; chemical products 16.0; metals and manufactures 10.0.

Chief suppliers: 1958 (in per cent)—United States 45, United Kingdom 13, Germany 10.

Value of imports from Canada: 1958—Can.$6,715,895; 1957—Can.$5,914,578.

Chief imports from Canada: 1958 (in per cent)—aluminum in primary forms 30, salt cod 14, drugs and chemicals 12, asbestos fibres 10, scrap metal 8, gas engines and parts 5.

Total Spanish exports: 1958—U.S.$486 million (f.o.b.); 1957—U.S.$476 million.

Chief exports: (in per cent)—agricultural surpluses, foodstuffs and beverages 61, minerals 8, chemicals and products 5, metals and manufactures 6, wood manufactures 4.

Chief markets: 1958—United Kingdom, Germany, United States.

Value of Canadian purchases: 1958—Can. $6,748,722; 1957—Can.$5,596,416.

Chief Canadian purchases: (in per cent)—olives 75, almonds 15, cork products 11.

Bay of Biscay
FRANC
Corunna
Vigo
Santander
Bilbao
PORTUGAL
Barcelona
Tarragona
Madrid
SPAIN
Valencia
Seville
Alicante
Malaga
Cadiz
Mediterranea
MOROCCO
ALGERIA

Dollar exchange: difficulties are still encountered in obtaining dollar exchange. All commodities, except liberalized goods, are subject to import licensing.

Prices: quotations can be submitted in either U.S. or Canadian dollars but must be c.i.f.

Samples: if of commercial value, an import licence must be applied for, but those coming from countries which are members of GATT are exempt from import licence but not from payment of duty.

Trade agreements: most-favoured-nation agreement with Canada. Bilateral agreements with many European countries.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Regulations Branch, Department of Trade and Commerce, Ottawa.

Correspondence: airmail; letters 15 cents per half-ounce.

For detailed information on this market write:

European Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor
Canadian Embassy
Apartado 117
Madrid, Spain
(by airmail)

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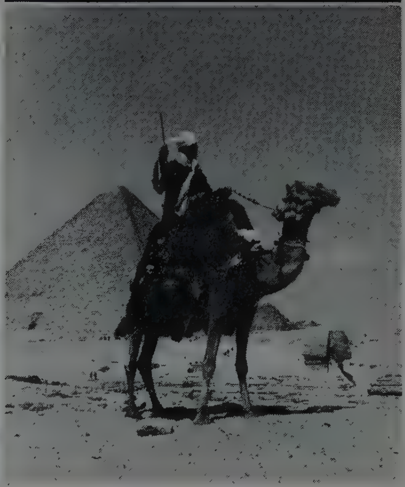

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JULY 30, 1960

foreign trade

NADA

RESIDENT BUYERS—A LUCRATIVE NEW YORK MARKET

foreign trade

Established in 1904

OTTAWA, JULY 30, 1960 Vol. 114, No. 3

cover The crowd lined up outside Gimbel's, eager to get first choice at a widely advertised sale, illustrates the enormous market for merchandise in the New York area. As our leading article points out, the metropolis has become the headquarters for buyers who purchase domestic and imported goods for department and specialty stores throughout the United States.

CANADA

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What rôle do resident buyers play in merchandising in the U.S.?

Who are they?

How should the Canadian exporter approach them?

For the answers, read this timely article.

Resident Buyers

—a Lucrative New York Market

H. E. LEMIEUX,
Consul and Trade Commissioner,
New York.

RESIDENT BUYERS in the United States are better known to Canadian businessmen as suppliers of department-store merchandise and consumer goods than they are to Canadian manufacturers eager to find outlets in the United States for their products. This article is intended to acquaint Canadian exporters with the functions and methods of operation of these buying organizations that cater to the needs of department and retail stores across the United States and even overseas.

Resident buyers act as agents for stores or groups of stores. They are not to be mistaken for merchandise brokers; they are paid for their services (about 1 per cent of the stores' annual net sales) by the stores they represent and not by manufacturers. Canadian exporters selling through resident buyers can expect the same terms as if they sold directly to retail outlets.

Resident buyers operate in the principal buying centres — New York, Chicago, San Francisco, Los Angeles, St. Louis and Dallas. In New York, for instance, the more important ones are grouped into an Association of Buying Offices which is affiliated with the National Association of Retail Merchants. Forty New York resident buying offices belong to the Association, which claims that its members are responsible for purchasing 95 per cent of the requirements of the leading United States department and retail stores. The total value of sales made by customers of these buyers, whether department or retail stores, is estimated at roughly $15 billion by the Association: $10 billion goes for "specialty goods" and the other $5 billion is spent on the general category of "department-store merchandise". The scope of operations of New York resident buyers is evidenced by the fact that their customers include over 1,700 department stores and about as many retail outlets, located in every state of the Union, in addition to some 300 retailers in Canada and as many again in overseas countries.

Making the Approach

If you choose to contact resident buyers, it is important that you make the initial approach directly to the officer most likely to be concerned with, or interested in, your offer. It may therefore be useful to know that a resident buyer's staff organization is much the same as that of the stores it represents. This is usually as follows:

President: sometimes called the director or manager. In any case, he is the chief of the buying office.

General Merchandise Manager: in charge of co-ordinating the activities and policies of the various divisions.

Divisional Merchandise Manager: in charge of a department—e.g., toys and sporting goods.

Buyer: in charge of a particular line of merchandise—e.g., women's sportswear.

Assistant Buyer: assists the buyer n general, interviews salesmen, couts the market, keeps in touch vith retail-store buyers.

It should be emphasized that the esident buyer's principal function s to assist department and retail tore buyers and to advise those olding such positions in the stores.

Retail stores served by resident uying offices generally specialize n women's, children's and men's eady-to-wear, millinery, costume ewellery, accessories and sometimes urs. Department stores, of course, arry the above lines plus furniture, ome furnishings, housewares, etc.

ealing with Resident Buyers

The resident buyer has expert nowledge of market conditions, of ashion, and of trends in consumer references. Prices quoted to him hould be as attractive as possible, eeping in mind that the buying ower of a resident buying group nables the development of "special uys" because of quantity purchases nd resulting economies in produc- on costs.

It is part of a resident buyer's outine to organize "conventions" r "meetings" with representatives f member stores, at which samples f merchandise are available for xamination and price comparison. hese meetings enable him to stablish his customers' require- ents, both in quality and quantity.

If and when the buying office sks the Canadian manufacturer to ubmit samples, prices and other articulars, it is important to follow s instructions to the letter. For stance, if the buyer asks you to end one pair of shoes as a sample, o not send more. Do not send a hole range of sizes unless this has een specifically requested. Resident uyers do not have storage or ware- ousing facilities. We know of sev- al cases where exporters have not llowed the buyer's instructions nd the result was only ill will. ecause most buyers will not be othered with customs matters, a pecial effort should be made to develop duty-paid, c.i.f., point-of-delivery prices. Care should be taken to comply with United States labelling and marking regulations.

A special list of New York resident buyers has been prepared for the convenience of Canadian exporters. These buyers are classified in the following table. The approximate number of member stores is shown in the second column.

1. Department Store Merchandise Buyers

Allied Purchasing Corporation 401 Fifth Avenue New York 18	86
Arkwright Inc. 128 West 31st Street New York 1	130
Associated Dry Goods 417 Fifth Avenue New York 16	10
Associated Merchandising Corporation 1440 Broadway New York 18	40
Frederick Atkins Inc. 11 West 42nd Street New York 36	47
City Stores Mercantile Company 119 West 40th Street, New York 18	73
Gimbel's Central Buying Office 116 West 32nd Street New York 1	Buys for their stores in Philadelphia, Milwaukee, Pittsburgh and New York.
Jack Hartblay Inc. 505 Eighth Avenue New York 18	160
Independent Retailers Syndicate 33 West 34th Street New York 1	120
Kirby Block & Co. 128 West 31st Street New York 1	160
Irving C. Krewson Corporation 500 Seventh Avenue New York 18	185
Felix Lilienthal & Co. Inc. 116 West 32nd Street New York 1	155
Macy's Corp. Buying Division 1314 Broadway New York 1	30 of their own and associated department stores
May Department Stores 1440 Broadway New York 18	43 department stores and branches
McGreevey, Werring & Howell 225 West 34th Street New York 1	150
Meier & Frank Co. 71 West 35th Street New York 1	3
Mutual Buying Syndicate 11 West 42nd Street New York 36	75
O'Shaughnessy, Dewes & Klein 128 West 31st Street New York 1	145
Charles Weill Inc. 101 West 31st Street New York 1	115

2. Millinery Syndicates

The following buyers lease and actively operate millinery departments of department stores and buy for their own account.

Harry Camp Millinery Co.
48 West 38th Street
New York 18

Consolidated Millinery Corporation
119 West 40th Street
New York 18

Emporium World Millinery Co.
9 East 37th Street
New York 16
(operates some 150 retail millinery departments)

Goldstein Millinery Co.
6 East 39th Street
New York 16
(Five leased millinery departments in Chicago)

3. Specialty Store Merchandise Buyers

(Principally women's and children's ready-to-wear and accessories)

American Retailers Service Inc. 225 West 34th Street New York 1	115
Jack Anstendig & Son 450 Seventh Avenue New York 18	130
Jack Braunstein Inc. 225 West 34th Street, New York 1	150
Certified Buying Service 119 West 40th Street New York 18	100
Cohn-Sobel 225 West 34th Street New York 1	76
Lillian Feuer Inc. 225 West 34th Street New York 1	80
Hofman & Weinberg 225 West 34th Street New York 1	150
S. Irene Johns Inc. 225 West 34th Street New York 1	100

Laserhorn-Donegar Corporation 225 West 34th Street New York 1	160
Mary Sherwell Office 1441 Broadway New York 18	160
Specialty Stores Association 1441 Broadway New York 18	15
Steinberg-Kass Inc. 225 West 34th Street New York 1	160
John S. Subow Inc. 101 West 37th Street New York 18	90
Wm. Van Buren Inc. 500 Seventh Avenue New York 18	35

Arthur Holman Inc., 401 Fifth Avenue, New York 18, are millinery specialist buyers for some 30 retail outlets, although they do not operate millinery departments on lease. The Youth Fashion Guild, 353 Fifth Avenue, are specialist buyers of children's and teen-age wear, catering to about 150 specialty stores.

If the reaction to initial correspondence warrants it, a Canadian exporter should make personal calls on potential buyers as soon as possible. The Commercial Division of the Canadian Consulate General in New York City will help in arranging appointments whenever necessary.

Delivery Terms

Resident buyers obviously offer an enormous market potential and therefore Canadian manufacturers, to compete successfully in the United States market, should be prepared to quote on large quantities of goods and offer suitable delivery terms. Some Canadian manufacturers are known to have accepted large orders when they were unable to produce the goods on time to meet delivery dates. Because the resident buyers usually feel that they are operating in a buyer's market, they tend to be independent. The supplier who fails to meet their requirements is simply jeopardizing his chances of success in this important sales market. ●

Vancouver Visits the Orient

EACH YEAR the Vancouver Board of Trade organizes an Off shore Trade and Goodwill Mission. In 1959 a group of members visited Czechoslovakia; this spring the Far East was the objective and the three-week itinerary covered Japan, Taiwan, and Hong Kong.

Highlight of the time spent in Japan was a conference with Tokyo's business leaders. According to R. G. Miller, president of the Vancouver Board, "it was agreed by both sides of the conference that it was in the interests of both countries that the development of trade should be conducted on an orderly basis instead of trying to expand it too rapidly." It was also agreed tha "better self-discipline by Japanese exporters and the establishment of voluntary export quotas . . . were desirable in the interests not only of the stability of the Canadian market, but of the Japanese manufacturers themselves."

The Mission's Japanese visit also included a trip to the Japan International Trade Fair at Osaka, where the Canadians were impressed by the high-quality, well-finished Japanese products displayed by over 4,000 exhibitors. Mr. Miller reported on his return to Canada that "the large Japanese manufacturers are spending a relatively enormous amount on research to improve and to develop new products and new techniques. One cannot but be impressed by the devotion of Japanese industry and workers to creating in their country one of the greatest workshops in the world in order that they can continue to buy the necessary imports to feed their ever-expanding population."

From Japan the group moved on to Taiwan and saw for themselves the definite economic progress that has been made in recent years. They did not visit many of the industrial plants, which are mainly in the south of the island, but observed something of the advance in cultivation of sugar, pineapples, tea, bananas and rice. "A great program of reforestation is under way," said Mr. Miller, "and some interest was expressed in our tree seeds."

The third area on the itinerary was Hong Kong. Here the Canadians witnessed the tremendous industrial expansion and the attempts made to cope with the great flow of refugees from Communist China. "Hong Kong," Mr. Miller informed the Board in his report on the Mission, "aspires to become the biggest and cheapest supermarket in the world and is doing everything it can to encourage its rapidly growing tourist trade." Three modern hotels of major size are being planned to accommodate the ever increasing number of visitors from nearby countries and also from the western world.

To Hong Kong businessmen, the Mission suggested tha orderly regulation of exports might in the long run be beneficia to the development of Hong Kong industry.

Originally the Mission planned to visit Communist China before flying home, but its application for visas was not granted Despite this, all the members felt that the journey to the East had been worthwhile and would aid in the building of an orderly and expanding Canadian trade with this area. In addition, individua members did some actual business and made a number of usefu contacts.

Dates for Canadian Tables

Dates rank second only to raisins among dried fruits imported into Canada; in 1959, 24 million pounds, valued at nearly two million dollars, came into the country. Only once in recent years have imports been larger; in 1955, they reached a record 36 million pounds.

The stately date palm flourishes in the dry, hot climate of North Africa and the Middle East; it has also been successfully transplanted to southern California. Each mature tree produces 100 to 200 pounds of dates in great clusters.

More than two-thirds of the dates used in Canada come from two Middle Eastern countries—Iraq (whose 20 million trees bear the world's largest crop) and Iran. These two sold us 17 million pounds last year. From the United States came another 4.7 million pounds, a sizable increase of 2.5 million pounds for the Californian exporters over the 1958 figure.

Though Iraq dominates the world date trade—supplying 80 per cent of all dates moving into export markets—Canada buys almost as large a quantity from Iran, which sells abroad only an eighth as much. (From Iraq, we purchased 8.9 million pounds and from Iran 8.5 million in 1959.) And, despite our relatively small population, Canadians ranked seventh among the world's date importers in 1958.

The three reports below cover production and production problems, exports and export methods in the three countries which supply almost all the dates used in Canada.

Iraq—largest date producer and exporter

W. B. WALTON, *Assistant Commercial Secretary, Beirut.*

RAQ, the world's principal supplier of dates, produces many different varieties of this fruit but only he following are commercially important:

Khadrawi—a dark medium-sized date, purchased mainly by the United Kingdom and Australia.

Hallawi—large and golden, mainly exported to the United States.

Sayer—a small dark date, popular in the United Kingdom, the United States and Canada.

Zahdi—a large, light-coloured date, shipped mostly to Eastern countries requiring cheap food.

The first three varieties are grown in Basra in southern Iraq and the Zahdi type mainly in the central area.

The date, the staple food of desert Arabs over many centuries, is one of nature's most nutritive products, rich in protein, fats, carbohydrates, salts and vitamins. Dates have become Iraq's third most important export, following petroleum products and cereals.

The date palm is not normally allowed to bear fruit until it is four years old. In its tenth year, small amounts of dates are picked. Early in April, the blossoms of the female palm—the fruit-bearing tree—are fertilized by hand. In August, some of the half-ripe fruit is picked for local sale but dates for export are picked in September when they are fully ripe.

Supervising the Industry

The Iraq Date Association, a government-sponsored body, is responsible for the general development of the date industry. Before July 14, 1958, it owned 45 per cent of the capital of the Iraq Date Trading Company, which was formed in 1951 to be the sole exporter of dates from southern Iraq. Under the monopoly granted by the Government, the company is obliged to buy at fixed prices all dates presented by growers during certain periods.

Last year both the Date Association and the Date Trading Company were nationalized. The Date Association, now a part of the Ministry of Commerce, has created two cooperative societies in the southern and central districts of Iraq. They are responsible for the supervision of production and the construction of storage, pressing, packing and fumigating facilities, etc. Packing is carried out under the close supervision of the Date Association and the civil health authorities. Each packing station must be licensed and is inspected at regular intervals. Employees must undergo medical examinations and receive preventive inoculations against disease.

Two modern government packing stations are located in Baghdad and Basra; here the dates are washed, dehydrated, graded, sterilized by electric washers and twice treated against infestation. Basra dates are usually pitted and packed in 50-pound and 70-pound wooden boxes. Some are wrapped in cellophane packages, one-half, three-quarters and one pound in weight, and shipped in wooden boxes. Small quantities of Basra dates may be stuffed with almonds and nuts, wrapped in cellophane, and shipped in cardboard or wooden boxes. Lower quality dates are usually pressed, unpitted, in baskets of 35 kilograms (77 pounds) or tins of 20 kilograms (44 pounds).

The central-area dates, the Zahdi type, are pressed, unpitted, in baskets and bags of 50 kilograms (110 pounds) or tins of 20 kilograms.

Production and Exports

Yearly date production in Iraq averages about 400,000 tons. The production figures for the last five date seasons are given below.

1954	433,800 tons
1955	480,400 "
1956	260,000 "
1957	300,000 "
1958	480,000 "

The 1959 crop is expected to be 35-50 per cent smaller than average, because of unfavourable growing conditions.

Iraq, which grows almost half the world's dates, exports about 70 per cent of its crop. The principal customers are shown in the accompanying table.

Off-grade dates and those remaining from previous seasons are exported for use as animal fodder and in industry. In 1957, 57,100 tons were shipped abroad for these purposes and in 1958, 5,887 tons. Some of the crop is used in Iraq to make date-juice concentrate (dibis), which is in demand in the domestic market and is exported to other Middle Eastern countries and Europe. A pure alcohol obtained from dates is employed in Iraq in making arak, the local drink. Vinegar and sugar are also extracted from dates; the sugar is said to be sweeter than the conventional type.

Canadian date imports from Iraq in 1957 were valued at $429,000, in 1958 at $936,000, and in 1959 at $601,000. Canadians buy mainly Sayer dates packed in cases.

Prices and Marketing

Because Iraqi date exports represent over three-quarters of the world's date trade, fluctuations in the Iraqi date crop and in world demand strongly influence prices. The Iraqi Government recently raised by 25 per cent the price at which growers may sell their 1959 crop to the Iraqi Date Trading Corporation, the sole exporting agency. This has, of course, been reflected in world prices. The accompanying table gives approximate prices of Iraqi dates.

The type of packaging material used and the time of year at which dates are offered also affect the price.

Basra dates packed in boxes and fancy paper are sold mainly to the United States, Canada, Britain Europe, U.S.S.R., South Africa Australia and New Zealand. Zahd and Basra dates in baskets, bags and tins are sold to the Middle and Far East for human consumption The lower grades go to Europe for industrial use and animal feed.

The below-average 1959 crop combined with recent growth in world demand, has left Iraq with no surplus dates. New customers include Communist China, which has contracted to purchase 30,000 tons A number of Japanese firms wish to buy dates for industrial purposes Iraq has signed a number of trade

APPROXIMATE PRICES OF IRAQI DATES

Variety and way of packing	Prices per metric ton f.o.b. Basra (ID1=U.S.$2.80)
Basra dates in 50 lb. boxes (selected)	ID 85/– to 100/–
Basra dates in 70 lb. boxes (G.A.Q.)	ID 49/– to 62/–
Basra dates in cellophane pieces	ID 75/– to 85/–
Basra dates stuffed with almonds and nuts	ID250/– to 300/–
Basra dates in 35-kilo baskets	ID 12/– to 20/–
Zahdi dates in cellophane packages, cartons and wooden boxes	ID 50/– to 90/–
Zahdi dates in baskets or bags, 50 kilos	ID 15/– to 22/–
Dates in tins of 20 kilos	ID 25/– to 35/–
Dates in baskets for industrial purposes	ID 10/– to 12/–

MAIN IMPORTERS OF DATES FROM IRAQ

Destination	1958	1957	1956	1955	1954
			(in tons)		
India	48,998	49,791	69,737	71,836	60,362
Syria	34,816	21,822	31,648	37,652	14,948
Egypt	20,891	17,411	13,182	23,495	17,809
Saudi Arabia	17,335	13,149	8,072	9,064	8,359
United States	15,298	19,218	16,644	12,430	16,512
United Kingdom	14,316	8,938	14,236	3,287	3,698
Aden	11,326	8,224	12,711	16,672	6,893
Jordan	8,531	3,573	6,999	6,206	6,351
West Germany	8,054	2,118	10,278	2,116	3,805
Australia	7,192	3,386	3,690	1,929	5,234
British Somaliland	6,779	2,217	9,578	513	1,962
Lebanon	6,523	5,923	6,459	8,211	13,686
Pakistan	6,324	4,776	6,053	10,930	7,104
Canada	6,306	4,999	2,989	3,677	6,373
Total (including all others)	239,285	238,085	263,968	248,969	217,887

agreements recently and dates have been among the principal products mentioned. The countries involved in these trade agreements are Yugoslavia, U.S.S.R., United Arab Republic, East Germany, Czechoslovakia, India, Romania, Poland, Communist China, Hungary and Bulgaria.

Plans to expand the date industry are under way. The Iraq Date Association expects to complete by 1961 ten modern packinghouses and storage depots. Later, a plant to produce liquid sugar and date syrup may be put up and one to make date meal for livestock feed is under study.

Early this summer, an Iraqi trading delegation began a tour of Europe and North America to conclude agreements for the sale of next season's dates. The delegation includes the managing director of the Basra Trading Company and a member of the board of directors of the Date Association. ●

Iran—Canada's second source of dates

E. CHILINGARIAN, *Office of the Commercial Counsellor, Tehran.*

EACH year Iran exports $20 million worth of fruit; dates account for almost $2 million of this. Production figures, though unreliable, set the total annual production during the past four years at between 100,000 and 115,000 tons. Exports, although they were off last year, average about 50,000 to 60,000 tons annually and make up some 2.2 per cent of Iran's total exports (excluding oil).

All production is carried on under irrigation. The major date-palm plantation area, from which most of the exports originate, is near the mouth of the Shatt-el-Arab River that divides Iraq and Iran and empties into the Persian Gulf at Khorramshahr and Abadan. Building development in these cities is encroaching on the plantation area. Last year, output in this area declined to under 40,000 tons, far less than production in recent years because of a further reduction in the number of palms and a particularly hot summer, dry winds, and an unusual number of insects.

There are approximately 19 million date palms in Iran: 27 per cent in the Khuzistan area (Khorramshahr, Abadan); 39 per cent in Fars province (Lengeh, Barazjan, Kazerun, Jahrom and Bushire); 25 per cent in Kerman Province (Minab, Haji'abad, Bam-o-Narmashir, Shahdad and Bandar Abbass); and 9 per cent in Baluchistan (Iranshahr, Saravan and Khash).

Numerous varieties of palms are cultivated, including Halawi, Berehi, Cantai, and Zahdi. The variety called Sayer provides the basis of the export industry at Khorramshahr.

Production Declining

During the past ten years, date production has fallen off, as the following estimates show (in thousands of tons):

1950	138	**1955**	100
1951	124	**1956**	130
1952	139	**1957**	105
1953	125	**1958**	125
1954	140	**1959**	115

Quality as well as production declined last year. The ideal condition for both is consistent low humidity—particularly when cutting the harvest—which was lacking in the important export-producing province of Khorramshahr.

Prices and Packs

The drop in volume of dates suitable for the various export markets and the fact that the same situation prevailed in neighbouring Iraq boosted prices in 1959 to 6.5 cents per pound (f.o.b. Khorramshahr) for the 70-pound boxes of general average quality, compared with 5.5 cents a year ago. Although there are certain variations in price, it is generally true that once a price for a specified pack has been agreed upon, the majority is sold at this rate.

Size and type of pack vary according to different markets. The principal packs of dates with stones removed for the Canadian and U.S. markets, together with this year's price (f.o.b. Khorramshahr), are as follows.

1. General average quality boxes containing 70 pounds net, arranged in rows and protected by wax paper. Price 6.5 cents per pound.

2. General loose pack—packed similar to general average quality but not arranged in rows, and protected by wax paper. Boxes contain 55 pounds. Price 7¼ cents a pound.

3. Selected loose pack—containing 50 to 55 pounds of dates larger than those listed above. Price 8 cents a pound.

4. Selected packs—arranged in rows containing 55 to 64 pounds of dates similar to the previous type. Price 8 cents per pound.

5. Cellophane packs—considered mediocre. Packs of one pound are exported to the U.S. and Canada and packs of 6 to 8 ounces to the European countries. One-pound packs are placed in boxes containing 100 to 108 packs. Price 9½ cents.

6. Eight-ounce packs—exported in boxes containing 100 to 108 packs. Price 8½ cents per pound.

7. Starched dates—these are processed as follows. The stones are removed, each date is cut into six pieces, and then mixed in starch three times until dates are no longer

Iranians are growing increasingly aware that high standards are important in boosting their date export business. New plants, such as the one at Khorramshahr which will begin operating this year, will replace more primitive packing methods.

sticky. Starched dates are packed in cases containing 50 pounds net. Before shipping, all dates are disinfected by HCN gas.

Because of transhipment, Iranian exports listed for Canada are smaller than Canadian imports which totalled $269,160 in 1956-57, $169,093 in 1957-58, and $172,107 in 1958-59. The 1959-60 imports will be larger than a year ago.

The U.S. and Canadian markets generally take the highest quality product, followed by European countries. The neighbouring Persian Gulf Sheikhdoms buy the lower quality comparable to the bulk of domestic consumption in Iran.

Total exports in recent years have remained consistently at between 50,000 and 60,000 tons, but this is apparently much less than the volume of ten years ago. A potential for increased production for export exists in areas other than the currently important export area, Khorramshahr. The first requirement, however, is the establishment of modern packing and processing plants compatible with the quality demands of major importing countries.

Because of the reduced supply, Iran will not have great difficulty this year in disposing of its date crop. However, Iranian dried fruit generally is facing stiff competition, particularly from Greece and Turkey which have made considerable progress in grading and packing.

Iranian producers are seeking help from the Government in keeping their markets in spite of increased competition. Freight-rate concessions on all dried fruits and nuts shipped for export have already been granted. All such products are shipped free of charge from any place in the country to Doroud (Upper Khuzistan). From there, shippers pay the regular rate. Discussions are also under way on further assistance by eliminating taxes on all transactions involved in the export of dates, as well as increased credit at lower interest rates and outright export subsidy.

Improved Quality Desired

Producers and distributors generally welcome the formation of the Iranian Government Standards Bureau, designed to regulate and establish standards and grades of Iranian export commodities. The date industry recognizes that higher quality and more uniformity is the basis for improving its position in export markets. As this organization has just been established, it may take a few years before the impact of new measures on production, processing and distribution is reflected in a higher average quality of dates for export. A first step contemplated for 1960 is the use of a modern packing plant built by the Government Plan Organization at Khorramshahr to handle most of the export packing now being done by some ten private plants. The construction of four processing plants in other producing areas is planned for the next year or two.

At present the Government does not supervise or direct the date industry. This places the onus for

EXPORTS OF DATES BY MAIN MARKETS

	1956-57	1957-58	1958-59
	(in thousands of rials)*		
U.S.S.R.	23,877,699	35,012,282	44,860,193
United States	11,635,167	34,330,297	40,185,857
Kuwait	7,211,349	4,770,353	4,403,228
Indonesia	6,175,948		
India	5,906,770	3,306,577	8,333,442
Canada	5,739,721		4,449,968
Germany	5,673,309	6,233,900	2,786,553
United Kingdom	4,058,475	11,846,153	9,640,683
Total exports	88,745,088	126,579,550	145,564,843

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*75 rials=Can.$1.00.

quality and standardization on both the packer-exporter and the importer. This year one British and two U.S. buyers who supply a substantial share of the Canadian market were in Iran during the September to November packing season.

The Canadian Government Food and Drug Administration has occasionally rejected shipments of dates from Iran. As a protection against such quality problems, it is customary for Iranian packer-exporters to receive 85 per cent payment upon shipment and the remainder after the goods enter the country of distribution. ●

United States—production is concentrated in California

A. J. HICKS, *Consul of Canada, Los Angeles.*

THE date palm was originally brought to the New World by Spansh missionaries and was introduced nto southeastern California about 0 years ago. This section of Caliornia, centered around the Coahella Valley and chiefly desert, ontains 99 per cent of the date creage in the State, which totalled over 5,000 acres in 1959 with about ,100 acres bearing. The crop estimate, field-run before grading, was 8 million pounds; marketable prouction after grading was 33.4 milon.

The federal marketing control llows a free percentage of 73 per ent and a restricted percentage torage carryover of 27 per cent. This meant that there were only nough dates in the 1959/60 crop ear to meet the normal demand of pproximately 24.5 million pounds.

Several varieties of dates are rown in California but the Deglet Noor is by far the most popular, as he table shows.

Types of dates	Variety acreage as a percentage of state total	How marketed
hadramy	3.1	All varieties are marketed in a day or semi-day form
ahdi	4.2	
eglet Noor	82.6	
idy	1.2	
thers	8.9	

Harvest seasons vary somewhat ith the variety:

hadramy —mid-August to mid-October
hdi —beginning of September to mid-November
Deglet Noor —early September to the end of February, with the peak from October 1 to mid-December

Moisture in copious quantities is vital to the production of dates and each acre of bearing date palms uses from 10 to 20 acre-feet of irrigation water per year. There is an old saying that the date palm "must have its feet in water and its head in the fires of heaven".

As the fruit forms, spreader rings are placed inside the clusters on the palms to ensure maximum air circulation. Individual dates are picked by hand as they ripen and each palm is picked three to five times during the season. When the date palms are young, pickers sit on suspended platforms but as the palms get taller, long fire ladders are used or the picker sits in a special suspended saddle.

Preparation for Market

As the dates come to the packing sheds they are subjected to United States Government inspection for quality and grade. This is done on a random sampling basis. They are then placed in fumigating chambers for from eight to twelve hours to eliminate insect infestation.

Modern date-packing plants take every advantage of the latest electronic equipment as an aid to sorting, weighing and packaging the fruit. Specially designed equipment separates the fruit into four sizes; each size is carried on endless belts into and through the grading room. There expert graders select and grade the fruit for quality and moisture content. (No machine has yet been invented which can equal the judgment of these experts.) Batteries of automatic pitting machines then remove the pits at high speed, leaving the dates intact.

Bag filling and weighing equipment automatically weighs the dates, puts them in a bag, injects spoilage inhibitor and drops the filled bag on a conveyor. Packages, however, are hand-filled and individually weighed before they are machine-sealed. A spoilage inhibitor is sprayed into the package a fraction of a second before sealing; it acts as a sterilizing agent and as a preventive of mould and spoilage.

At this stage, government inspectors take continuous samples of the filled packages to determine whether or not they conform to the required standards.

High-speed machinery can wrap and seal up to 110 packages a minute. The fruit is then packed in specially lined shipping cases designed to preserve the condition of fruit and packages. Packages are then placed in refrigeration at a temperature of 32 degrees F. and a relative humidity of 75 to 80. Under these optimum conditions, dates will retain their proper moisture and flavour and will keep almost indefinitely.

Shipment is made in refrigerator cars and trucks where temperatures en route require this type of handling. Practically all dates shipped to Canada travel by rail. They are sold ex-car or ex-centrally located warehouses.

If care is taken, it is not difficult to preserve dates in prime condition. Ideally they should be stored in a temperature of between 30 and 40 degrees F. with a relative humidity of 75 to 80. The fruit should not be stored near flour, cereals or similar foodstuffs that might serve as a source of infestation. Because dates tend to absorb odours, they should also be kept away from onions, fish or other strong-smelling commodities. They should not be stored near steam pipes.

Normal sizes of bags and packages are:

Packages—	8 oz. pitted 12 oz. pitted	1¾ lb. unpitted 2 lb. unpitted
Bags—	12 oz., 1 lb., 2 lb.	

Most dates for export are put up in packages of 8 or 12 ounces and are of top quality. The industry does not encounter any problems either in appearance, size of package or quality.

It is estimated that the 1960/61 crop of Deglet Noor dates will total between 33 and 35 million pounds, slightly below the average of the last five years. The reason is that the industry is following an alternate bearing crop to some extent and, as last year's crop was up, the coming year's will be down. The size of the 1959/60 crop was slightly above average both in quantity and quality, and so were exports. Market prices of dates during the last season were stable but with a shorter crop expected this year, prices may well increase.

Continued efforts are being made to expand foreign sales of United States-grown dates. In addition, the industry is endeavouring to furnish foreign countries with higher quality fruit and with packaging best fitted to their particular needs.

Canada imports more dates from California than does any other single country, largely in packages of 8 to 12 ounces and of top quality. ●

A prime date bunch, hanging below its protective paper umbrella, is ready for picking. The spreader ring, which can be seen just above the picker's thumb, is placed inside the bunch as the dates begin to form. This ensures that enough air will reach all parts of the cluster and that the fruit will form evenly. Growers harvest from 100 to 200 pounds from each tree.

—California Date Growers Assoc.

India Makes Tires

MANUFACTURE of rubber tires and tubes in India is currently passing through a phase of rapid growth. The two largest producers are completing enlargement of their production facilities and by 1962 four new firms will have joined the industry. The resulting production should double 1958 output (the last year before expansion began) by 1962.

In 1958, production totalled one million tires and 947,000 tubes for motor vehicles and 8.3 million tires and 7.9 million tubes for bicycles, plus a few thousands for other purposes. By 1962, the industry should be turning out motor vehicle tires and tubes at a rate of 2.54 million a year each.

Contributing to this development is the expansion of production facilities at the Calcutta factory of Dunlop Rubber Company, the Bombay plant of Firestone Tyre and Rubber Company, and the construction (finished in 1959) of a new Dunlop factory at Madras. In addition, four new firms are entering the field. They are: Ceat Tyres of India (an $8 million plant at Bombay, just in production); Goodyear Tyre and Rubber Company of India Private Limited (a $12 million plant near New Delhi to be completed early in 1961 with a capacity of 225,000 each of tires and tubes for motor vehicles) and National Rubber Manufacturers Ltd. of Calcutta, a long-time producer of bicycle tires and tubes. It plans to form a new company to produce motor vehicle tires and tubes at the rate of 180,000 each per year.

Despite rising output, India is still a net importer of tires and tubes but the Indian Government hopes that the country will shortly be exporting bicycle tires and tubes to neighbouring countries.

At the same time, rising production means that India will have to import more crude rubber. Total consumption—43,000 long tons in 1959 of which nearly 20,000 tons were imported—is expected to rise to 60,000 in fiscal 1961-62 and to 94,000 by 1965-66, the close of the Third Five Year Plan.

India's first synthetic rubber plant should get into production in 1962 and turn out 20,000 long tons per year. None the less, the country is certain to require substantial imports of natural or synthetic crude for some years to come.

—J. R. MIDWINTER,
Assistant Commercial Secretary,
New Delhi.

You Can Sell Foods to Switzerland

Canadian exporters should explore the expanding market for food products in Switzerland. Our Berne office gives practical advice on what products to sell and how to sell them.

Y. B. HEISSLER, *Office of the Commercial Counsellor, Berne.*

SWITZERLAND, the land-locked Alpine country of five million people in the heart of Western Europe, relies upon foreign sources for more than a quarter of its total food requirements. This is particularly true for a range of basic products such as wheat and cereals, fruits and vegetables and, at certain periods of the year, eggs and other foods. Most of the basic food products, both domestic and imported, are subject to a number of controls but imports of canned, preserved and packaged foods are almost entirely free from such controls. There are no foreign exchange problems and imports are admitted without discrimination. The Swiss food trade is thus in a position to import standard and specialty food products from any country.

Foreign food specialties of all kinds—from French pâté de foie gras to Russian caviar, from Italian ravioli to Canadian salmon, from Czech beer to Danish aquavit—are available in Switzerland's food stores and supermarkets. There is constant interest in new products and Swiss food importers always consider carefully a well-presented offer.

The interest in foreign foods was illustrated at the AIDA International Food Distribution Exhibition held in Lausanne in June 1959; Canada participated with a relatively small group exhibit. The number of inquiries from interested Swiss business firms seeking foreign food suppliers was surprisingly high. In spite of the competitiveness of the market, it is clear that there are still many opportunities for doing business.

This interest in foreign foods was further illustrated at an exhibition in November last, organized in Basel, Switzerland's second most important city, by the local ACV (Food Co-operative Society). This exhibition, under the slogan "Tasty Dishes from Foreign Countries", was entirely devoted to foreign foods, exhibited, tasted and sold in a number of ACV self-service stores. Two of these were exclusively devoted to Canadian foods and had a marked success. Public interest was aroused in these newly introduced Canadian products.

Organization of the Market

Switzerland has approximately 20,700 retail food shops. The great majority belong to purchasing or chain-store organizations. These distribution organizations are listed in the table on the right.

Another important organization in the foodstuffs group is Howeg of Grenchen, which centralizes purchases for approximately 4,000 members of the hotel and catering trade throughout the country.

Numerous products sold through the larger purchasing and chain-store organizations are packed under special agreement and brands by a number of Swiss and foreign manufacturers. Migros obtains its limited range of competitive products from its numerous wholly-owned or controlled factories or direct from foreign manufacturers, but the other organizations buy foreign foods both direct and through appointed agents in Switzerland. The latter method is the rule in cases of exclusive distributorship.

In general, Switzerland's food retail shops are modern, although relatively small by North American standards. Only 1,500 stores are entirely self-service; 3,100 shops have partial self-service. However, the number of self-service stores is steadily increasing. One-third of the retail food shops are now equipped to handle frozen products, but sales of frozen foods, with the exception of poultry and fish fillets, are still small in relation to living standards and self-service development.

Wholesale Trade—The wholesale trade is well organized and consists of approximately 250 firms, of which about 100 carry a complete range of food products; the remaining 150 specialize in certain lines. The majority of foreign processors of foods have appointed agents in Switzerland. Because Switzerland is

DISTRIBUTION ORGANIZATIONS

	Number of Stores 1959	Number of Stores 1960
A. Purchasing Organizations for Independent Food Retailers		
Union Usego, Olten	4,314	4,310
Alro, Lausanne	4,200	4,200
Kolonial EG, Burgdorf	1,107	1,120
Liga, Basel	547	535
SHG, Dübendorf-Zurich	546	558
Sub-total	10,714	10,723
B. Chain-Store Organizations		
Swiss Consumer Co-op. Assoc., Basel	3,200	3,250
Migros, Zurich	354	366
Volg, Winterthur	589	600
Konsum Denner, Zurich	214	207
Konsumverein, Zurich	179	184
Merkur A. G., Berne	189	192
Others	294	295
Sub-total	5,019	5,094
C. Private Independent Food Retailers (estimate)	5,000	4,850
TOTAL	20,733	20,667

If You Want to Sell Foods to the Swiss . . .

1. *Quote prices on export offers c.i.f. or c. and f. European port.*
2. *Submit samples to the prospective buyer whenever possible.*
3. *Supply brochures and catalogues in French and/or German if possible. (Literature in English is usually also examined.)*
4. *Answer all correspondence promptly. Most Swiss firms will correspond in English.*
5. *Remember that the introduction of new brands requires some financial sacrifice and that most Swiss agents expect their foreign principals to bear a substantial share of the cost of advertising.*
6. *Pay close attention to presentation and appearance; the Swiss public is extremely quality-minded.*
7. *Offer competitive prices; competition is stiffer here than in most European countries.*

a small country, one agent with a capable travelling sales force is usually sufficient to cover the market. Often the general agent appoints sub-agents in the principal Swiss cities. Wholesalers are always interested in new products and lines, but price, quality and advertising support are essential. The introduction of new brands is often difficult and many importing wholesalers are inclined to request substantial promotion assistance from the foreign manufacturer for the introductory campaign. This should not be over-emphasized, however, if a competitive product is offered and if the appointed agent is in a strong financial position.

The introductory program consists in general of a free supply of publicity material and of a number of cases of the product. The latter are normally distributed during the introductory period as a bonus to retailers placing orders for the new products or brands.

The profit margin of the Swiss food importer and distributor normally amounts to 8 to 15 per cent calculated on the import price. Retailers have a profit margin which under normal conditions varies between 20 and 30 per cent of the retail price. On exclusive and luxury goods, the margins may be substantially higher.

Duties and Import Restrictions

On January 1, 1960, Switzerland put into effect a new Customs Tariff based on the Brussels nomenclature. The new tariff is a specific one, like the old, and the duty rates are based on weight. In general, the new tariff brought little change in customs duties on foodstuffs and though a few rates were increased slightly, others were reduced. On the whole, Switzerland's tariff continues to be among the lower ones in Europe.

Some of the relatively few products subject to a duty of more than 20 per cent include honey (35 per cent), milk powder (20 to 40 per cent), biscuits and cakes (17 to 25 per cent), certain canned or bottled fruit and juice varieties (10 to 26 per cent), and preserved cherries (15 to 25 per cent). Import duties on frozen fish and poultry, canned salmon and eggs remain below 10 per cent of value.

Although payments and transfers in dollars or any other currency are entirely free, there are certain import restrictions on foods, and on various imported products a fee in addition to the customs duty (a so-called "price supplement") is levied. There is also a 5.4 per cent sales tax on the duty-paid value of the goods. This tax, however, does not affect the competitive price of imported articles because it applies also to Swiss products.

An import permit, which at certain times may be difficult to obtain —especially when domestic crops or production are large—is required for certain products of interest to Canadian exporters, such as all types of flour, meats, poultry, fresh and frozen vegetables, fresh fruit, edible fats, canned vegetables, eggs, honey, etc. For a number of products, import permits are freely available. Certain products such as butter and powdered milk may only be imported by specified public institutions. No import restrictions apply to canned fruit, fish and crustaceans, frozen salt-water fish, canned lobster, preserved tomatoes and tomato juice, etc. For various products, Swiss food regulations must be strictly observed. On the whole, the policy on imports of prepared foods is liberal.

What Is Imported

Among overseas suppliers of semi-prepared and prepared foodstuffs, the United States ranks first and U.S. preserved foods such as fruit, peanuts, tomato juice, ketchup, pickles and, to some extent, vegetables are on sale in almost any Swiss grocery shop and supermarket. Up to the present, Canada has exported only small amounts to this market. Provided prices are competitive, Canadian manufacturers may well be able to obtain a larger share of this trade.

The accompanying table lists a number of food products which, according to Swiss statistics, are imported into Switzerland from the United States and Canada.

Frozen Foods—In the frozen-food groups, Canada up to the present has only exported frozen salmon to Switzerland. In 1959, she sold

SWISS IMPORTS OF FOODSTUFFS FROM CANADA AND THE UNITED STATES

Commodity	1958				1959			
	Canada		United States		Canada		United States	
	Quantity (pounds)	Value (dollars)	Quantity (pounds)	Value (dollars)	Quantity (pounds)	Value (dollars)	Quantity (pounds)	Value (dollars)
Poultry, frozen	33	9	13,366,208	4,887,425	10,121	3,608	19,718,253	5,059,536
Fish, frozen	41,028	23,197	112	1,432	37,000	22,000	73	719
Tomatoes, canned and juice	1,911	220	1,134,756	119,113	2,870	335	1,224,836	134,814
Other vegetables, canned	1,686	480	183,432	41,749	2,692	590	264,746	50,322
Fruit, canned	1,973	514	8,510,140	1,350,257	8,692	1,917	14,904,189	2,258,615
Corned beef	6,801	2,228	18	10	800	360		
Other meats, canned	483,722	171,811	902,660	380,360	515,631	194,023	792,737	348,919
Fish, preserved	20,679	6,447	81,151	21,753	89,008	29,592	96,147	19,077
Lobster, canned	16,585	15,524			11,832	15,722		
Shrimps, preserved			110,096	79,315	3,336	4,375	222,583	129,069
Shell eggs	46,704	13,417	30,726	10,009			1,281,055	296,227
Egg yolk and spray, frozen	1,466,130	304,529	44,092	7,647	280,273	56,298	22,500	3,705
Egg yolk and spray, powdered	18,199	16,939	177,179	199,412	52,170	33,259	296,968	281,083
Confectionery, sweetmeats, etc.	342	107	666,854	267,395	2,480	759	647,171	261,701
Preserves and delicacies, n.o.p.	606	208	568,800	89,059	20,441	4,143	677,799	109,474
Whisky	62,604	45,082	30,068	24,852	73,752	51,048	27,747	24,718
	(28,397 kilos)		(13,639 kilos)		(33,454 kilos)		(12,586 kilos)	
Edible fats, other than butter	2,760	748	644,552	441,824			1,151,462	713,362

37,000 pounds valued at Can.$22,000. The volume of Canadian exports of frozen salmon largely depends upon Danish supplies from the Baltic; normally Danish salmon is offered at lower prices.

In recent years Swiss imports of frozen chicken, mainly broilers from the United States, have developed tremendously. The interest is still keen but prices must be competitive. Frozen cut-up poultry parts are not allowed into the country.

The largest seller with the greatest range of frozen foods is probably the Migros chain-store organization. In general, frozen prepared dishes are not yet well known in Switzerland. The lack of flavour and taste in some domestically produced frozen foods indicates that processors have not developed their technical skills to a sufficient degree.

Fresh Foods—Transportation costs and Swiss import restrictions make it difficult to sell most fresh foods in appreciable volume. There is, however, especially in times of poor domestic crops, interest in products such as apples, and at competitive prices Canada may obtain a small share of the market.

Preserved Foods—This is the field in which Canadian food processors and exporters stand the greatest chance. There are relatively few import restrictions and Swiss imports are fairly large.

Up to the present, Canadian firms have supplied mainly canned meats and canned fish. There is always interest in canned salmon, especially the chum and pink varieties, and although salmon is sometimes considered a luxury product in comparison with cheaper tuna, exports of this product could probably be increased without too much difficulty. There is similar interest in canned lobster and other competitive fish products, such as salmon eggs, shrimp, crabmeat, etc.

There are also possibilities of larger sales of canned fruit on the Swiss market, although the introduction of new brands requires a great deal of promotion and financial effort. Peach halves, Bartlett pears, red pitted cherries, fruit salad, fruit cocktail, maraschino cherries, tomato juice and ketchup are of special interest. Offers for other specialty preserved foods will also be seriously considered.

bei fremden Völkern
STOP
for VALUE
ACV
ACV

An interested Swiss buyer examines a can of Canadian peaches in a display of foreign foods set up in Basel last November by the Food Co-operative Society.

Other Foods—Seasonal imports of shell eggs from Canada are possible, if prices are competitive. Other Canadian lines which may succeed in the Swiss market and sell in larger quantities than in the past include whisky, dried egg yolk, dried fruits such as apricots, and certain delicacies and specialties such as maple products.

The interest shown by the Swiss public, both at the AIDA International Food Exhibition in Lausanne and at the ACV store exhibitions and demonstrations in Basel, has clearly demonstrated the opportunities for larger sales of Canadian foodstuffs to the Swiss market. Consequently, producers are invited to examine carefully the possibilities of placing their products, either standard or specialty before the Swiss public. The Commercial Counsellor at the Canadian Embassy in Berne will be glad t supply further information on specific questions and to assist Canadian firms interested in exporting food products to Switzerland. ●

Advertising Abroad

In Switzerland, competition is keen, and advertising campaigns conducted with taste and restraint are essential to keep one's product before the public.

JOHN H. NELSON, *Assistant Commercial Secretary, Berne.*

WHAT are the problems that face a Canadian exporter who wishes to advertise in Switzerland?

The first one is language. Of the total Swiss population of five million, about 72 per cent speak German, 20 per cent French, 6 per cent Italian, and 1 per cent other languages. Many people speak more than one language, thus giving French and Italian, particularly the former, relatively more importance than the percentages indicate. It is essential therefore that the text of advertisements be in German or French depending on the locale and, where feasible, in Italian.

The second problem concerns the noticeable differences between one Swiss region and another. Switzerland is divided into 25 cantons (or provinces) whose inhabitants tend to have their own cantonal characteristics. Although this does not mean that successful advertising requires 25 different campaigns, care must be taken to ensure that advertising copy does not offend any language or cantonal group. Advertisers should therefore discuss Swiss advertising media and methods with qualified experts before beginning a campaign.

Problem number three is the Swiss attitude (different from ours) towards advertising. Swiss buyers and consumers attach great importance to quality, price, good service, finish and packaging. The advertiser should thus stress these points rather than use slogans, copy stressing the benefits of unexplained additives, or slick advertising techniques.

The advertising agency as we know it in Canada does not exist in Switzerland. There are instead two other types of firms, the first of which belongs to the Association of Swiss Advertising Agencies. These firms are, in the first instance, space-brokers for the press, and have control over all the advertising in many papers. The well known integrity of the agencies precludes bias in their placement of advertisements. Agencies plan and carry out advertising campaigns using all media. They either arrange to have creative work done by specialists or use their own facilities.

The second type of organization working in advertising is a member of the Association of Swiss Advertising Consultants. The major difference between these firms and the agencies is that the consultants do not have space to sell. They specialize in market research and the planning of advertising campaigns, and usually employ their own staffs.

Total expenditure on advertising in Switzerland is estimated at about 2 per cent of the gross national product. This is one of the highest relative rates of spending on advertising in Europe. The breakdown of expenditures (in per cent) is estimated as follows:

Advertisements	44
Printed matter	20
Direct mail	14
Window displays	8
Electric signs	5
Market research	4
Samples, demonstrations	2
Outdoor posters	1
Cinema advertising	1
Trade fairs	1
Total	100

Radio and TV—It will be noted in the preceding breakdown that there is no mention of radio or television. Advertising is not permitted at present on radio or TV, both of which are government-owned. Advertisers who wish to use these media often use German TV, or the radio in Germany, Luxembourg or Italy.

Newspapers—There are over 500 newspapers published in Switzerland, and all of them are solid, serious journals. Typical circulation varies from 2,000 to 5,000; only a few have a circulation of over 50,000. Newspapers are published in the three main languages and tend to appeal to local, regional or special interests, though a few with large circulations are more widely distributed. There is also a type of paper not found in Canada that is devoted exclusively to advertisements of products and services and to local announcements. These have little or no editorial content and are generally circulated free of charge. About 70 of these are published.

Periodicals and Magazines—Almost 200 periodicals and magazines with a total circulation of about five million are published in Switzerland. These are mainly of national or regional interest. About one-half are political, cultural or religious in character and the other half mostly popular picture magazines.

Trade and Technical Publications—The Swiss turn out some 700 to 800 trade and technical papers. Many of these are the official publications of numerous trade, manufacturers and other associations, and are useful to advertisers who wish to reach a selected audience.

Direct Mail—Direct mail advertising is used extensively. The quality of production is exceptionally good, with high-gloss paper and four-colour printing employed almost exclusively. Circulation of this type of advertising to business firms and private homes is aided by the efficient Swiss postal system.

Window Displays—Window displays, which are usually arranged through a local agent, are invariably of high quality and usually original.

Market Research—Market research is closely related to advertising. There are a number of reliable firms in Switzerland which specialize in this work, and they are often a help in overcoming advertising problems.

Outdoor Publicity—The use of posters and billboards in Switzerland is almost the exclusive right of one company. All posters are of a standard size (90.5 x 128 centimetres = 35.63 x 50.39 inches) and are placed at locations owned and chosen by the company rather than the advertiser. Advertising in public vehicles is also done by the same firm. Another company has the exclusive right to advertising in railway stations.

Films and Slides—Advertising films are shown at the beginning of most movies in Swiss cinemas. They are restricted to 120 metres or about four minutes running time and it is common practice to project two or three of 60 or 40 metres. During intermission and intervals, most Swiss cinemas project advertising diapositive slides; each one is given a six-second exposure.

Advertising in Switzerland can best be described by saying that it is of exceedingly high quality, and though widespread, it is restrained and well organized. I have specifically mentioned the high quality of advertising in some media but this applies equally to all of them. The restrained nature of Swiss advertising shows up best in outdoor publicity. The Swiss know they have a beautiful country; they therefore do not permit indiscriminate placing of posters and signs on buildings or billboards along the highways. The close organization of the industry is illustrated in the strict control of standards and ethics maintained by the advertising companies and their associations.

What Canadians Can Do

Canadian firms do only limited advertising here at present. Switzerland is a relatively small market but it has virtually no import or payment restrictions. As a result, Swiss firms receive offers of goods and services from almost every country in the world. The Canadian company that is able to win acceptance for its products in Switzerland should, in most cases, conduct an advertising campaign to ensure continued sales and to increase its share of the market.

It is advisable to discuss a projected advertising campaign with a local agent, who could either be paid an advertising grant or allowed an advertising discount. On the other hand, the Canadian businessman may wish to control the campaign from Canada. In this case he should consult a Canadian advertising agency with a Swiss correspondent qualified to advise on the particular problems of the Swiss market. If this method is not used, a suitable Swiss firm should be retained to work out a campaign in line with the Canadian firm's objectives.

Canadian businessmen who would like to receive further information on advertising in Switzerland should write to the Commercial Counsellor, Canadian Embassy, Berne. ●

PETROLEUM

Will it solve Brazil's financial problems?

If Brazil can reduce dependence on imported oil, its improved foreign exchange position should boost trading opportunities for Canadian exporters to this market.

C. M. KERR, *Assistant Commercial Secretary, Rio de Janeiro.*

BACK in 1948, Brazilians used about 25 million barrels of petroleum and its derivatives, valued at U.S.$116 million. Most of this had to be imported and this meant a heavy drain on Brazil's foreign exchange.

In 1959, about 82 million barrels of crude oil were consumed but some 23.6 million were produced locally, thanks to the Government's determination that Brazil should develop its oil resources. Although the proportion of net imports to national consumption is shrinking every year, imports of petroleum still contribute to a balance-of-payments deficit. Foreign purchases of petroleum products in 1959 reached $220.9 million, 16 per cent of total Brazilian imports.

To lessen this dependence on imported oil the Government swung into action and created two new bodies. The first was the National Petroleum Council, responsible primarily for regulating the supply of petroleum products in Brazil. It also controls prices of gasoline and some types of oil and grants concessions for the distribution of these products to private firms, most of which are internationally known.

The other body is Petroleo Brasileiro S.A., better known as Petrobras. Its duties are to locate and develop Brazil's resources of petroleum and natural gas, to refine domestic and imported petroleum, to furnish maritime transport for carrying petroleum products, and to build and maintain pipelines within the country. Petrobras was incorporated in October 1953 and the initial capital of Cr.$4,000 million was subscribed in 1954. Subsequent subscriptions have raised the paid-up capital to Cr.$26,000 million.

Production Climbs

Since starting operations in 1955, Petrobras has concentrated on the areas adjoining producing wells near Salvador in the State of Bahia. In 1954 these fields—which still account for virtually all of Brazil's domestic production—supplied one million barrels of oil and reserves were estimated at only 15 million. In 1955 production more than doubled. In 1957 it jumped to ten million barrels and in 1959, following stepped-up drilling operations, Petrobras announced that the Bahian oilfields produced 23.6 million barrels. Proven resources are now estimated at 617 million barrels. The 1961 production target is 120,000 barrels a day, or just over half the present total consumption of petroleum products in Brazil. In 1959 consumption of petroleum products, in terms of crude oil, totalled about 81.7 million barrels, or an average of 224,000 barrels a day. By 1961 it is expected to reach at least 100 million barrels, or 270,000 a day.

Since operations first got under way in Brazil in 1939, 986 wells have been drilled, mostly in the Bahian fields. Of these, 616 are producing wells—576 produce oil and 40 natural gas. Since the beginning of 1958 the pace of drilling has quickened considerably. In 1958 there were 136 completed wells drilled, totalling 209,170 metres. In 1959 the number rose to 227 and 286,620 metres. About 162 of the completed wells drilled were in Bahia, 36 in Amazonas, and 16 in the Alagoas-Sergipe area.

The 53 rigs in operation in Brazil are small by international oil-exploration standards. But the reader should remember that these operations are financed entirely by state resources out of income from domestic production and refining, plus purchase taxes levied on the consumer. Although the work is directed entirely by Petrobras, not all of the drilling is done by Petrobras crews. About 25 per cent is done under contract by international firms that specialize in drilling.

More Refineries Built

Petrobras's greatest accomplishments to date have been in refining. In 1954 domestic refinery output totalled less than 6,000 barrels a day—about two million barrels a year, or less than 4 per cent of Brazil's needs. Production came from several small private refineries, plus the Mataripe refinery near Bahia inaugurated by the National Petroleum Council in 1950.* In 1955, Petrobras took over the Mataripe plant and opened Brazil's first major refinery, the Presidente Bernardes at Cubatão, between Santos and São Paulo. It has an initial capacity of 45,000 barrels a day. In its first year of operation, imports of refined petroleum accounted for 58.2 per cent of market requirements compared with 96.8 per cent in 1954. In 1957 domestic refinery capacity totalled about 37,500 barrels a day or 60 per cent of domestic requirements. By the end of 1959, largely as a result of Petrobras's construction and expansion, domestic refineries were able to supply 160,600 barrels per day out of total daily requirements of 230,000. Of this amount, about 104,500 barrels were refined by the two Petrobras refineries, one at Mataripe with a 10,000 b.p.d. capacity, and the other at Cubatão. Brazil's six privately-owned refineries, with their 56,000 b.p.d. capacity, make a substantial contribution.

Petrobras refinery expansion and building plans for the next two years should just about double existing capacity. At Mataripe it is to be boosted to about 52,000 b.p.d. by 1961 and expansion will include a plant for making lubricating oils; capacity of the Cubatão plant will rise to 110,000 b.p.d. this year, and the Duque de Caxias refinery near Rio de Janeiro will come into operation in 1961 with a capacity of 90,000 b.p.d. Construction of a refinery at Belo Horizonte (population 500,000) with an initial capacity of 25,000 b.p.d. is also being considered.

One of the problems in Brazilian refineries is the use of domestic crude from the Bahian fields. The high pour-point of Bahian crude makes it difficult to refine without special equipment, though today both the Mataripe and Cubatão refineries are equipped to refine domestic oil. Petrobras reports that these refineries can handle 52,000 b.p.d. of Bahian crude. The rest of the domestically produced oil—about 23,000 b.p.d., according to official sources—is exported under export-import agreements with the principal international oil companies. According to Petrobras, it will no longer be necessary to export Brazilian crude after the new Duque de Caxias refinery comes into operation in 1961.

The Petrobras target for crude oil production for 1961 is 120,000 barrels a day. The 1961 refining target for domestic crude is 50,000 b.p.d. at Mataripe, with the remainder divided between the Duque de Caxias and Cubatão refineries. Private refineries will continue as at present to operate exclusively on imported crude.

Other Operations

In addition to the domestic refining and crude-oil targets Brazil has set for itself, the country is attempting through Petrobras to reduce foreign expenditure on byproducts of oil and on ocean transport.

A petrochemical industry has been established in conjunction with the Cubatão refinery and this helps meet in part Brazilian needs of ammonia, nitric acid and calcium nitrate. Small amounts of ethane and propane are also produced. An asphalt plant has been built nearby with a nominal capacity of 116,000 tons a year. A plant to supply 40,000 tons of synthetic rubber is also being built in conjunction with the Duque de Caxias refinery.

Brazil's tanker fleet, the Flota Nacional de Petroleiros, comes under Petrobras. At the end of 1959 the fleet consisted of 31 vessels totalling 370,000 deadweight tons. Six other vessels on order from foreign shipyards are expected to bring tonnage up to 530,000 by the end of 1961.

End of Trade Restrictions?

Although national control of Brazil's petroleum industry is now considered sacrosanct, Petrobras is not without its critics. They say that Brazil cannot afford to develop a petroleum industry out of its own resources and that private capital should be given at least some share in it to speed development. In answer to this criticism the authorities point to the reduction in imported petroleum products that Brazil has been able to achieve by state control. In 1959, according to Petrobras, this resulted in total net exchange savings of U.S.$143.5 million compared with some $124.9 million in 1958. Of the 1959 saving, U.S.$67 million is said to have come from the production of crude oil—a saving big enough to cover foreign exchange costs of equipment, materials, technical services, and foreign financing obtained during the year. As domestic crude output and refining facilities expand, says Petrobras, petroleum imports will drop and Brazil's balance-of-payments problem will be eased.

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*Petrobras has exclusive rights to the construction and operation of new refineries in Brazil. Private refineries remain privately owned, capitalized and operated but are reportedly unlikely to expand because of lack of financial incentive.

If Petrobras is correct in its estimate, this could be a distinct advantage to Canada and other traditional exporters to the Brazilian market. Brazil could then remove many of the temporary foreign exchange and import restrictions that have effectively barred important products from the Brazilian market in recent years.

Expansion of Brazil's petroleum industry also means opportunities for Canadian manufacturers, if they are able to offer special financing arrangements for capital equipment for refineries. Canadian suppliers should keep in mind that Petrobras plans to build a 25,000 b.p.d. refinery at Belo Horizonte and a 16-inch oil pipeline from near Rio de Janeiro to Belo Horizonte, a distance of about 300 miles. There is also a continuing market in Brazil for oilfield equipment, though competition is brisk and only firms that can offer products with advantages in design, economy of operation, or price can expect to compete with big international suppliers already well established in the market.

To encourage development of the petroleum industry, Brazil grants special advantages to Petrobras for buying equipment. Equipment not made in Brazil can be imported duty-free at the special rate of exchange (or "cambio de custo") of Cr.$100 for U.S.$1.00. Details about the type and value of these imports are not available but the amount budgeted for them in recent years is said to be between U.S.$50 million and U.S.$70 million a year. The budget for imports in 1960 is thought to be much higher, but about 50 per cent is reportedly earmarked for medium-term financing of Petrobras refinery expansion. ●

Commodity Notes

Automobiles

FRANCE—A new Citroën plant to be completed at Rennes in 1963 is expected to turn out about 1,000 vehicles a day; this will boost total Citroën output to 2,600. The new factory will employ 8,000 to 10,000 workers—Paris.

Bauxite

INDONESIA—A contract calling for the export of 800,000 tons of bauxite to Japan over the next two years has been concluded between the Indonesian Government and the Japan Light Metal Company and two other major Japanese aluminum firms. Annual exports in 1960 and 1961 will total 400,000 tons—Djakarta.

Blankets

JAMAICA—A large plant in the Kingston area is scheduled to begin producing woollen blankets this summer for export to Canada. An equipment maintenance crew is being trained and construction of the storage section will soon be completed—Kingston.

Canned Fruit, Vegetables

GHANA—A canning factory to process peppers, tomatoes and other vegetables and fruits will go into production in Ghana in September 1960. The factory, valued at an estimated £70,000, is near Nsawam, 24 miles from Accra, and is being put up by the Agricultural Development Corporation—Accra.

Cement

BRAZIL—National production of cement in 1959 totalled 4,346,000 tons, an increase of approximately 15 per cent over the 1958 figure of 3,769,158. Brazil is now the leading cement producer in Latin America and has nearly doubled production over the past six years—Rio de Janeiro.

Coal

AUSTRALIA—To develop large coal deposits at Kiangra (Queensland) and to facilitate transport to Gladstone, on Queensland's central coast, Japanese interests have offered to finance the construction of a

100-mile railway. The Mitsui interests are reported to be interested in importing a million tons of Kiangra coal into Japan in 1961 and increasing this to three million a year within two or three years. The financial outlay involved in the railway, with the rolling stock, is estimated at about A£7 million. The planned daily capacity of the line is to be 10,000 tons. The Government of the State of Queensland is reported to be considering the offer made by the Mitsui interests—Sydney.

Copper

ITALY—Italian foundries, with the support of foreign suppliers, have formed an organization called CISAR (Italian Centre for the Development of Copper Uses) in Milan which is expected to increase Italian copper consumption by 12 per cent a year by 1963.

The one active copper mine in Italy produces 5,000 tons a year. Raw and refined copper imports in 1959 totalled 112,433 tons compared with 103,596 tons in 1958. Approximately 40 per cent of Italy's copper requirements is obtained from reclaimed metal from alloys and scrap; 5,294 tons of scrap were imported in 1959 and 8,166 tons in 1958—Rome.

Gas

PAKISTAN—An extension to the purification plant at Sui should be completed by next fall. Pakistan will then have an assured capacity of more than 120 million cubic feet a day of purified gas for industrial, commercial and domestic use—Karachi.

Machinery

SWITZERLAND—In 1959, Swiss exports of machinery totalled a record Sw. Fr. 2.2 billion (172,500 metric tons) compared with Sw. Fr. 2.1 billion (163,000 metric tons) in 1958, and accounted for 31 per cent of Switzerland's total exports. Textile machinery led the capital-goods sales with a value of Sw. Fr. 410 million (18 per cent of total machinery exports), followed by electrical machinery (Sw. Fr. 384 million) and machine tools (Sw. Fr. 326 million). Exports to West Germany, Switzerland's principal machinery market, totalled Sw. Fr. 356 million. Other important markets were France, the United States, the United Kingdom, Italy and the Benelux countries. Exports to the Common Market countries accounted for 45 per cent of the total; EFTA countries took 16 per cent—Berne.

Manganese

ARGENTINA—Manganese from the Farallón Negro mine in Catamarca Province has been assayed by a West German firm which reports that it is of high quality and should be able to compete effectively in international markets. Economic production will, however, depend on finding a suitable method of extracting the silver and gold content of the manganese ore—Buenos Aires.

Natural Gas

FRANCE—Production of natural gas reached 2,600 million cubic meters in 1959 compared with 1,000 million in 1958, a 155 per cent increase. Refined gas delivered for consumption, at 1,300 million cubic meters, also more than doubled—Paris.

Oil

JAMAICA—Construction of a 26,000-barrel-a-day oil refinery in Jamaica will be started towards the end of the year by a United States oil company. During the 2½ years it will take to build the refinery, the project is expected to employ about 800 people—Kingston.

Processed Foods

SPAIN—During 1959, Spain exported 70 million kilos of canned and processed fruit and vegetables (double the amount for 1958), valued at about 500 million pesetas. Shipments consisted chiefly of fruit pulps, canned fruit and fruit juices; canned and processed vegetables represented only 10 per cent of the total.

About 50 countries buy processed foods from Spain; the United Kingdom is the leading customer, absorbing almost one-third of these exports, followed by West Germany and Norway. Markets outside Europe include Chile, the United States, Japan and Australia. A large part of Spain's fruit crop goes to the canning industry; in 1959, 50 million kilos of apricots were canned, and one million kilos of peaches were used in jam-making—Madrid.

Tuna

MALI—Société des Pêcheurs de France has opened in Dakar a $30 million fish packing factory that will can about 1,000 tons of tuna a month. Working with other packing firms, the company will implement a technical installation training program for local workers. Fishermen will also be taught the latest tuna-catching techniques—Paris.

Whale Oil

NORWAY—Despite a longer than usual season, Norwegian whalers failed to catch their legal limit this year. Because of unfavourable operating conditions, eight participating expeditions were able to return with a total of only 4,565 of the 5,800 blue whales allowed them for 1960.

Total whale-oil production reached 577,800 barrels compared with 712,900 barrels last year and 729,000 in 1958. Sperm-oil production totalled 62,700 barrels, compared with 84,000 in 1959—Oslo.

Canadian Honey Returns to Britain

Re-opening of British market offers our honey producers an opportunity of re-establishing themselves there. The author describes changes in the trade in the intervening years and touches on current consumer preferences.

B. M. FILLMORE, *Office of the Minister (Commercial), London.*

BRITAIN last year imported about 14 million pounds of honey of all varieties; Australia supplied 8 million and Argentina 2.8 million. The remainder came from New Zealand (900,000 pounds), the United States (700,000), and Canada (600,000), plus smaller amounts from the West Indies and Guatemala.

Before the war, Canadian honey dominated the British market; of total U.K. imports in 1938 of 11.4 million pounds, Canada supplied 3.4 million. But Canadian supplies were barred for some 17 years and the import pattern changed. Only in June 1959 were all restrictions on the import of honey from dollar countries removed. Canadian sales, only 61,000 pounds in 1958 under the small dollar-area quota, jumped to 600,000 and the outlook for increasing them further seems good.

Marketing Techniques

With the contraction in honey sales in wartime and during the postwar import restrictions, the trade became concentrated in a relatively few hands. This situation has continued into the new era of freedom just beginning. There are probably not more than six importers in the whole United Kingdom, two of which import honey in bulk and package it for retail themselves. The remaining firms that import in bulk usually have established outlets, mainly processing and blending firms.

A good proportion of honey sales to Britain are on consignment, possibly between one-quarter and one-third of the volume. Almost all New Zealand and Australian shipments are on consignment but the method differs not only with the country but also with British firms. The majority of imports from Canada are on consignment, usually to importers with established outlets. Some processors import direct but these are mainly outright purchases at a contract price.

In consignment sales, the exporter usually indicates a "guidance" price and his permission is sought before selling at a lower price. For contract sales, the preferred method of payment is cash against documents ten days before arrival of vessel.

The bulk packs of honey differ somewhat with the supplying country, but the 60-70 pound tins from Canada are well received in Britain, particularly by the processors and packers, who do a certain amount of manual handling. This pack also suits caterers and institutions. The New Zealand bulk tin resembles the Canadian but Australia and the Argentine ship most of their honey in 650-pound drums which require mechanical handling.

British consumers much prefer honey in glass jars with screw or snap top, in one-half or one-pound sizes. The trade has tried to market plastic packs—which it prefers and which are more easily handled—but without much success so far. Canada has made some shipments of plastic consumer packs but advertising is needed to popularize them. There is evidence that this pack may "catch on" in the future.

The Canadian stand at the Ideal Home Exhibition in London this spring displayed honey from Manitoba and Ontario. Sales (including some honey in plastic packs) far exceeded expectations, but this was probably due to the "buying" atmosphere. Undoubtedly Canadian honey made an impact on the buying public; after the show, inquiries about where to purchase it continued to arrive at Canada House.

Although only small quantities of Canadian honey are available in the British market, the trade looks on it as a standard of quality. The Canadian grading system, accepted as an almost infallible guarantee of quality, is similar to the New Zealand system. Some Canadian No. 1 White Clover is used for blending with other varieties but a good deal is sold under the label "Pure Canadian". It is nevertheless somewhat difficult to locate Canadian honey as such in the stores because of its relative scarcity.

Canadian Prices

A review of current prices indicates that, at retail, prices of Canadian honey are a few cents above those of honey from other countries sold in greater volume. English, French and Greek varieties cost considerably more, not because of quality but of individual taste. The French and Greek types are scarce and only very small quantities come into Britain. In the early months of 1960, Canadian No. 1 White Clover retailed at 42 cents for a pound jar; New Zealand, Hungarian and Spanish types cost about the same. Australian honey, the most plentiful variety, was 37 cents and a well-known blend of Australian/Argentine sold at the same price. The more unusual types of English, French and Greek honey sell at 55, 60 and 66 cents per pound jar.

During the past year the United Kingdom landed prices for Australian, Jamaican and Spanish honey have declined but those for New

Zealand and Hungarian honey have tended to rise. Canadian prices have remained fairly stable. With production in various countries acutely susceptible to the vagaries of weather, it is not practicable to predict price trends for 1960; however, a crop shortfall or failure in any particular supplying country does not have any far-reaching effects on the price structure in the British market.

Customs Requirements

Honey shipped in bulk containers for processing is considered to be "produce" by United Kingdom Customs authorities. As such, to qualify for duty-free entry under Commonwealth Preference the honey must be entirely of Commonwealth origin and must not be a blend of non-Commonwealth varieties. Certificate of Origin D, Form 119 (Sales), must accompany each shipment under Commonwealth Preference; the full or non-preferential customs duty is 5/- per 112 pounds (66 cents). Honey in small retail-size containers is considered "manufactured goods", for which Certificate of Origin E, Form 120 (Sales) is needed.

The outlook is good for sales of Canadian honey to Britain in the next few years. The demand is almost entirely for No. 1 White Clover and efforts to expand sales may well be concentrated on this quality and type. Because of its distinctive and consistent flavour a section of British consumers is developing a taste for it; this should lay the groundwork for a gradual rise in sales. If lower grades are shipped, however, the result will probably be a drop in sales, as there are a number of types on the market similar to lower grades of Canadian.

There is evidence that consumers will pay the few extra cents for Canadian No. 1 White Clover honey; Canadian shippers should thus concentrate on developing and maintaining a gradually rising output of honey of consistent quality, specifically for export to the United Kingdom. The establishment of a supply pattern along these lines in the next few years will give British importers the incentive to invest in market promotion. This will be an important factor in Canada's regaining the leading place she held in the British market twenty years ago. ●

Trade Commissioners on Tour

R. E. Gravel

K. Nyenhuis

H. L. E. Priestman

R. G. Woolham

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela:

Toronto—July 25-Aug. 5
Ottawa—Aug. 7-12
Montreal—Aug. 14-25
Quebec—Aug. 26-27

When he completes his tour and leave, Mr. Gravel will be transferred to Hamburg, West Germany, as Consul.

K. NYENHUIS, Trade Commissioner in Leopoldville, Belgian Congo:

Montreal—July 25-Aug. 5
Granby—Aug. 8
Quebec—Aug. 9
Saint John, N.B.—Aug. 11-12

When he completes his tour and leave, Mr. Nyenhuis will be transferred to Copenhagen, Denmark, as Commercial Counsellor.

H. L. E. PRIESTMAN, Consul General and Trade Commissioner in Manila, Philippines:

Montreal—Aug. 1-5
Toronto—Aug. 8-12

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan:

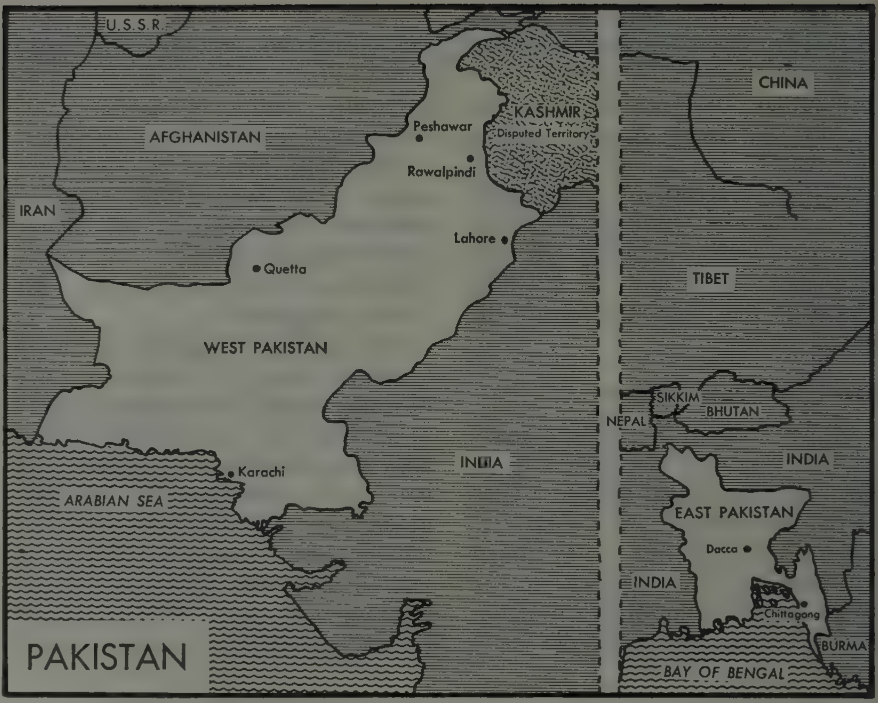
Vancouver—Sept. 1-2
Calgary—Sept. 6
Winnipeg—Sept. 7-9
Ottawa—Sept. 12-23

When he completes his tour and leave, Mr. Woolham will be posted to Paris, France, as Assistant Commercial Secretary.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Markets in Brief

PAKISTAN



Area: 364,737 square miles.

Population: 88 million—48 million in East Pakistan and 40 million in West Pakistan, according to recent estimates.

Climate: extremes of climate in West Pakistan. Tropical for most of the year in East Pakistan.

Language: Two main languages: Urdu, spoken widely in West Pakistan, and Bengali in East Pakistan. Virtually all correspondence is carried on in English.

Currency: rupee; one rupee equals Can.-$0.2064.

Weights and measures: avoirdupois and linear.

Capital: Rawalpindi (altitude 1,707 feet) provisionally, but new capital at Potwar to be built shortly.

Chief ports: on Arabian Sea, Karachi, West Pakistan; on Bay of Bengal, Chittagong, East Pakistan.

Marketing centres: Karachi, (population) 1,272,571; Lahore 945,276; Dacca 376,968; Chittagong 328,046.

Economy: mainly dependent on agricultural raw materials—jute, raw cotton, raw wool, hides and skins, and tea.

Total Pakistani imports: 1958—Can.$381.1 million; 1957—Can.$423.3 million. In 1958 imports were divided equally between private and government account; imports per capita totalled Can.$4.54.

Chief imports: 1958 (in per cent)—grain, pulse and flour 26.2; machinery of all kinds 16.7; iron and steel and manufactures thereof 12.5; vehicles 6.8; oils—vegetable, mineral and animal 5.4; chemicals, drugs and medicines 4.7.

Chief suppliers: 1958 (in per cent)—United States 27.3, United Kingdom 17.7, West Germany 8.9, Japan 5.6, India 4.7, Burma 4.3, Belgium-Luxembourg 3.7, Canada 3.7.

Value of imports from Canada: 1959—Can.$17,361,097; 1958—Can.$15,384,242.

Chief imports from Canada (in per cent) 1959—wheat 43.8, contractors' outfits and supplies 25.5, aluminum in primary forms 5.7, dynamos, generators and parts 3.2, semifabricated aluminum 3.1, sulphate kraft pulp 2.8.

Total Pakistani exports: 1958—Can.$286.1 million; 1957—Can. $323.8 million.

Chief exports: (in per cent) 1958—raw jute 59.2, raw and waste cotton 17.4, jute yarn and manufactures 7.6, raw and waste wool 3.4, hides and skins 3.8, tea 2.3.

Chief markets: 1958 (in per cent)—United Kingdom 19.7, United States 10.5, Japan 10.0, France 9.6, West Germany 8.9, Belgium-Luxembourg 5.5.

Value of Canadian purchases: 1959—Can.$1,105,137; 1958—Can.$476,697.

Chief Canadian purchases: 1959 (in per cent)—jute and jute butts 46.7, jute fabrics 17.5, raw cotton 11.4, sports goods 5.8, wool in the grease 2.9.

Dollar exchange: because of very strict licensing, dollar exchange is not freely available.

Prices: quote in U.S. dollars or pounds sterling. For government purchases, when asked for prices quote in Pakistan rupees.

Samples: bona fide samples of c.i.f. value below $50 permitted if provided free of charge and not more often than once a year to a registered importer.

Trade arrangements: imports from Canada do not receive preferential treatment; preferences limited to the United Kingdom and Burma.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Correspondence: airmail only; letters 25 cents per half-ounce.

For detailed information write to:

Commonwealth Division,
International Trade Relations Branch,
Department of Trade and Commerce,
Ottawa, Ont.

or

Commercial Secretary,
Office of the High Commissioner for Canada,
P.O. Box 1660,
Karachi, Pakistan.

Doing Business in Pakistan

Our Karachi office briefs the Canadian exporter on import procedures in Pakistan and on the selection of a representative there.

JOHN B. McLAREN, *Assistant Commercial Secretary, Karachi.*

THE two wings of Pakistan are separated by over 1,000 miles of Indian territory and differ racially, climatically and physically. West Pakistan has an area of roughly 310,000 square miles, with a population estimated at 40 million. It consists mainly of barren mountains and desert plains where the rainfall is slight. The principal crops—wheat, cotton and rice—are largely dependent on irrigation from the Indus River. Karachi and Lahore are the chief industrial centres. East Pakistan has an area of approximately 54,500 square miles and a population of about 48 million. Located largely in the delta of the Ganges and Brahmaputra Rivers, it suffers from excessive rainfall during certain seasons with the resultant flooding of a large portion of the arable land. The principal crops in East Pakistan are jute, rice and tea. Chittagong is the main port for seagoing traffic, although Chalna, close to the jute-growing area, is developing as a second port.

Pakistan is still primarily an agricultural country, with over 80 per cent of the population living in villages. Progress towards industrialization has been noteworthy, considering that at the time of partition in 1947 there was hardly any industry in either the east or the west wing.

Import Trade Controls

Import control in Pakistan is operated for balance-of-payments reasons. Licensing in the commercial sector is based on the category system, and categories for each commercial importer are fixed on the basis of imports during the Open General Licensing Period—July 1950 to December 1952. The average of the imports during these five shipping periods (each six months) was adopted as the basic category for each importer. His share is worked out at the beginning of each six-month period—subject, of course, to the availability of foreign exchange. Licences for industrial users are issued on an ad hoc basis and imports on government account are made through public tenders. Generally speaking, licences are granted on a worldwide basis, but periodically single-country licences are issued under bilateral trade agreements with a particular country or under an economic aid program. Canadian exporters should satisfy themselves before making shipment that consignees have secured import licences and that shipment can be made within the stipulated period. Otherwise, difficulties will arise when the goods arrive in Pakistan, such as heavy demurrage charges and possible penalties for breach of the Import Trade Control Regulations.

Export Bonus Licensing Scheme

In January 1959, the new government of Pakistan introduced the Export Bonus Licensing Scheme. Exporters of certain manufactured goods receive bonus entitlement vouchers amounting to a proportion (10 to 40 per cent) of their foreign exchange earnings. These vouchers they may use to import products included in a list of 218 different commodities, most of which are also imported under the regular licensing system. A part of the bonus entitlement earned by nationals of Pakistan or firms in which they have more than 50 per cent interest may also be used for business visits abroad and for operating branch offices in foreign countries. The import vouchers earned are freely transferable and have been selling at a high premium. However, industrialists receiving licences under this scheme are expected to employ them to import spare parts and raw materials for their own use.

Channels of Trade

The present channels of trade date largely from independence because only a relatively few business houses were established in Pakistan before 1947. The rate at which new firms have set up in business has remained high and there are still many comparatively inexperienced traders. A number of the larger firms are based in Karachi, from which they cover West Pakistan, usually with the assistance of a branch office in Lahore. A few also have offices in Dacca or Chittagong to handle trade with East Pakistan. There are smaller firms established in most of the larger centres, with a distributing organization covering the territory in which they operate through sub-offices, agencies or travellers. The small bazaar firms often undertake direct trade with overseas manufacturers. Many of these firms, in addition to trading on their own account, do a certain amount of indenting and are often prepared to undertake agency work, although their organization is often inadequate to cover more than a limited area.

Representation

Canadian manufacturers who wish to do business in Pakistan must consider seriously the appointment of agents. Direct business is possible at times but successful cultivation of the market requires a good local agent. If at all possible, representation should not be carried out from India or from anywhere outside the country. The division of Pakistan into two parts presents further difficulties and it is often best to appoint separate agents for each wing. Most agents carry on a large proportion of their import business on commission because import licences are issued to commercial importers on a very limited scale. Many firms with small categories or no category at all rely almost entirely on indenting for industrial consumers or government departments. The commissions charged naturally vary with the commodity and the value of the contract but usually conform to world standards. West Pakistan has a few large firms in a position to purchase stocks outright but this is not a general practice. Such firms generally hold a large number of agencies and are reluctant to undertake fresh commitments. Canadian manufacturers entering the Pakistan market for the first time usually have to rely on firms with limited financial resources but with energy, initiative and good connections. Advice on agencies can be obtained from the Commercial Secretary, Office of the High Commissioner for Canada, Karachi.

Government Purchases

Purchases by departments of both the Central and the Provincial Governments, the railways, municipalities, district boards, etc., make up a large proportion (approximately 50 per cent) of Pakistan's imports. In the main, the Central Government buys all its requirements through the Director General of Supply & Development. The Provincial Governments of West and East Pakistan also make most of their major purchases through this organization. The normal practice in Pakistan is for tenders to be announced locally and an offer will not be considered unless an approved agent in Pakistan submits it. To be sure of receiving tender inquiries from official and semi-official organizations, it is necessary for local representatives to be on the approved list of suppliers for the products wanted. Canadian firms should confirm that their agents' names do in fact appear on the list against the goods they can supply.

Dealers in Foreign Exchange

The foreign banks (other than Indian banks) in Pakistan are commonly referred to as Exchange Banks and are primarily engaged in financing foreign trade. They, together with some of the larger local banks, are the authorized dealers in foreign exchange. The following are the principal banks and authorized dealers in foreign exchange, with head offices given. They can be contacted through a Canadian bank or by writing directly to their offices in Karachi, West Pakistan.

AUTHORIZED DEALERS IN FOREIGN EXCHANGE

American Express Co. Inc., New York, U.S.
Australasia Bank Ltd., Lahore, West Pakistan
Bank of China, Peking, China
Bank of India Ltd., Bombay, India
Bank of Tokyo Ltd., Tokyo, Japan
Central Bank of India Ltd., Bombay, India
Chartered Bank Ltd., London, England
Eastern Bank Ltd., London, England
Habib Bank Ltd., Karachi, West Pakistan
Lloyds Bank Ltd., London, England
Mercantile Bank Ltd., London, England
Muslim Commercial Bank Ltd., Karachi, West Pakistan
National Overseas & Grindlays Bank Ltd., London, England
National Bank of Pakistan, Karachi, West Pakistan
Netherlands Trading Society, Amsterdam, Netherlands

Credit Information

There are no credit inquiry or debt collection organizations established in Pakistan and legal proceedings are often protracted and expensive. Exporters are strongly recommended to make the most careful inquiries about status before undertaking new business. The required information is available through your Canadian bank's correspondent in Pakistan or by contacting the Commercial Secretary, Office of the High Commissioner for Canada, Karachi, Pakistan. In the absence of a convincing credit report or previous experience with the firm, it is wise to do business only on letter of credit.

Methods of Payment

The exchange control regulations do not normally permit advance remittances against goods that have not been shipped. In special cases, payment is made after presentation of documents to the Pakistan Embassy in Washington. Occasionally payment is made against 30 and sometimes even 60 day bills. A considerable volume of business is done against letter of credit and this is by far the most common method of payment. In Pakistan it is usual for bills to be drawn on D/P terms—documents deliverable on payment—rather than D/A—documents deliverable on acceptance. It is essential that shippers sending bills for collection arrange for the collecting bank in Canada to receive all the documents at the same time to avoid possible delays and heavy demurrage charges. The Canadian bank should then forward the originals of these bills by airmail—seamail takes from six to eight weeks. The documents required are:

1. A bill which must give the drawee's full address and, if presented through a Canadian bank, should be drawn or endorsed in favour of that bank to avoid delay.

2. Detailed and certified invoices showing the country of origin of the goods and stating whether the goods are sold c. and f. or f.o.b. (import licences are not issued on a c.i.f. basis and the importer must therefore purchase his insurance policy in Pakistan). When quoting f.o.b., a statement showing charges such as freight and dock dues should be attached for duty assessment. Otherwise the Customs authorities will add a percentage to cover them

and this may exceed the actual amount.

3. Bill of lading or air freight or parcel post receipts.

Currency Regulations

Travellers from Canada generally carry travellers cheques in U.S. dollars. The regulations of the State Bank of Pakistan allow visitors to bring into the country Pakistan currency totalling Rs.5,000, £10 in Bank of England notes, and any amount of foreign exchange in the form of travellers cheques. On arrival, holdings of foreign currency (including travellers cheques) must be declared on form F.M. All encashments must be entered on this form by the authorized dealer in foreign exchange making payment, because the form will be checked again on departure against the traveller's currency holdings. ●

Fairs and Exhibitions

Why Exhibit Abroad?

TRADE AND COMMERCE attempted to provide some positive answers to this question last month at the convention of the Canadian Manufacturers Association in Toronto. Department officials set up in the convention lobby of the Royal York Hotel a booth designed to "sell" the trade-fair technique and to show what the Department is doing in this field. Exhibition models and literature were on display; so were photographs and slides of actual exhibits. But perhaps the most useful gimmick, according to George Hazen of he Trade Fairs Abroad Division in Ottawa, who manned the booth, was a tape recording of interviews with enthusiastic Canadian exhibitors at the Ideal Home Show in London. Most of the CMA delegates who stopped at the booth were already proponents of he trade fair as a means of making sales abroad. But here were others, new to exporting, who were looking or ways to launch their product. These businessmen were given the names of Trade Commissioners and of Department officers in Ottawa who could help them get started. Most CMA inquirers were interested chiefly n the United Kingdom and other Commonwealth mar-ets, said Mr. Hazen.

National Auto Show in Detroit

THE 43rd *National Automobile Show*—the only auto show sponsored by the United States automobile manu-acturers—opens for the first time in Detroit on October in the city's vast new Cobo Hall. Other "firsts" that ay will be the unveiling of the 1961 model cars and ucks and the formal opening of Cobo Hall. Vehicles ill be shown in the 300,000-square-foot main exhibi-on hall, said to be the biggest exhibition space under one roof in the world. On the river level of the exhibition arena, the organizers will stage an "Auto Wonderland"—an integrated display that will show what goes into the making of automobiles and trucks.

Because the U.S. automotive industry is a substantial market for Canadian raw materials and semi-finished goods, Canadian producers may be interested in visiting the show. U.S. car and truck manufacturers used in 1958 ten million tons of all forms of steel, 320,000 tons of malleable iron, 96,000 tons of copper, 417,700 tons of lead, 250,150 tons of zinc, 2.6 million pounds of nickel, and 26.7 million square feet of upholstery leather. Many of these are products that Canada can and does supply. In addition to raw materials, some Canadian suppliers have been successful in selling parts to U.S. car makers. In recent years, moulds, forgings, industrial rubber goods and other products have been exported to U.S. automobile and parts manufacturers.

Canadians may be interested in other vertical trade shows scheduled for Cobo Hall. These include the following:

Antiques Fair, September 21-25, 1960
Great Lakes Skiers Convention, November 4-6, 1960
Society of Automotive Engineers, January 9-13, 1961
National Concrete Masonry Association, January 30-February 2, 1961
Michigan Retail Hardware Association, February 12-14, 1961
Union Industries Show A.F.L.-C.I.O., April 7-12, 1961
National Office Furniture Association, April 21-24, 1961
National Association of Electrical Distributors, April 29-May 3, 1961
Ceramic National Exhibition and Workshop, May 4-7, 1961
American Water Works Association, June 4-9, 1961
National Association of Plumbing Contractors, June 18-22, 1961

Information about these trade shows and the possibilities of supplying the U.S. automotive industry may be obtained from the Canadian Consulate, 1139 Penobscot Building, Detroit, Michigan.

—ROBERT GORDON,
Consul and Trade Commissioner, Detroit.

Canadians Tops in Design Engineering

CANADIAN engineering companies have demonstrated once again that their products rank high when it comes to quality of material, up-to-date design, and workmanship. At the *Design Engineering Show* held in the New York Coliseum in May, 16 Canadian firms participated in a co-ordinated display of Canadian engineering goods sponsored by the Department of Trade and Commerce, Ottawa. Could the Canadian companies hold their own among over 10,000 exhibitors? Two New York newspapers, the *Times* and the *Herald-Tribune,* thought they could. These two papers featured Canadian products, a turboprop engine and an aluminum triodetic connector, on their pages—two of only three products in the entire show that caught the eye of the press.

We asked J. R. Johnson, Trade and Commerce Officer from Ottawa, who was one of the officials staffing the exhibit, about sales success at the show. "I can't be too specific," he said, "because firms naturally don't want to reveal trade secrets, but there are a number of good stories of contacts made, agents and distributors acquired, and orders filled." Mr. Johnson said that one firm was approached by an agent from Valparaiso, Chile, who wanted the distributorship for its product. Another landed a substantial contract because the prestige of appearing in the Canadian exhibit had dispelled the buyer's fears that the company was not big enough or really well established. Still another manufacturer at the show received 572 orders from every state in the union—and orders have poured into the home plant ever since the exhibition closed. Each of the 16 had similar experiences, and each looks forward to exhibiting next year.

Businessmen who may wish to consider entering the May 1961 show in Detroit should write for information to the Engineering and Equipment Division, Department of Trade and Commerce, Ottawa.

Trade Fairs in New Zealand

NEW ZEALAND'S recently revised import-control program that puts Canadian exporters on the same footing as suppliers from all other currency areas (except for motor vehicles) has widened sales opportunities in that country this year. Canadian businessmen wishing to use the trade-fair technique in promoting their products may be interested in the following exhibitions recommended by the New Zealand High Commissioner in Canada. Foreign exhibitors are welcome at all of them.

New Zealand Industries Fair, Christchurch, February 1961. Products include automotive parts, carpets, glassware, pottery, plastic goods, floor coverings, mattresses, church organs, furnishings, wire products, footwear, foodstuffs, concrete products. Apply: Organizer of the New Zealand Industries Fair, Box 381, Christchurch.

New Zealand Royal Show, Addington, November 9-11, 1960. Basically a livestock show, but accepts other goods such as agricultural, earthmoving and general engineering equipment, cars, wire, and concrete products. Apply: Canterbury Agricultural and Pastoral Association, Box 9002, Addington.

West Coast Industries Fair, Greymouth, March 1961. General. Apply: Secretary of the West Coast Industries Fair Association, Mackay Street, Greymouth.

Industries Fair, Palmerston North, May 1961. General industrial goods. Apply: Palmerston North Public Relations Organization, Box 474, Palmerston North.

The big Canadian display at the Design Engineering Show held in New York last May 23-26 covered a full 115 feet on the second floor of the Coliseum. Canadian engineering products, including the turboprop engine in the foreground and the aluminum triodetic connectors to the right, were singled out by New York press and TV reporters.

Norway Controls Agricultural Imports

Under an agreement with the farm associations, the Norwegian Government restricts imports of certain food products. The author examines these restrictions and makes clear how they affect Canadian shippers.

B. G. R. BARTON, *Office of the Commercial Counsellor, Oslo.*

NORWAY is traditionally an agricultural country and agriculture continues to play an important part in the economy. In 1958 farming accounted for 6.7 per cent of the total national income. This is surprisingly high when one realizes that only some 2 million acres (2.7 per cent of the total land area) is under cultivation. To this may be added another half-million acres of natural meadows. In 1930, some 304,000 people were employed in agriculture and livestock production but by 1950 this figure had fallen to about 250,000; it is expected that a census now under preparation will show a corresponding decrease for the last ten years. Yet the introduction of more modern methods, of greater efficiency, and of improved livestock and plant strains has resulted in little if any drop in production and, in fact, has meant over-production in certain sectors. As an illustration, in 1939 there were 850,000 milch cows in Norway. Today there are only 250,000 but these give approximately the same total yield of milk per year.

The immediate postwar years brought a desire to build up an agricultural industry for a nation that had suffered five years of hardship. By 1950 it was apparent that production had become large enough to cover local demand and the problem in the future would be marketing. To provide farmers with a standard of living comparable with that of workers in other industries, the Government entered into a series of agreements with the farm associations. The present Agricultural Agreement signed in 1958 will remain in force until June 1961. This agreement restricts imports of nearly all the dairy and meat products, fruit and vegetables that are domestically produced. The farmers, for their part, undertake to keep their prices under certain specified ceilings; the ceiling price for each product is worked out as an annual average plus a set percentage. Certain exceptions apply to fruit and vegetables, which are divided into four groups. These groups and the exceptions under each are:

1. Greenhouse vegetables—import of tomatoes restricted from May 15 to November 30.
2. Field vegetables—imports of carrots banned.
3. Fruit—import of apples restricted from August 1 to March 31.
4. Potatoes—imports prohibited.

For other restricted products in these groups and for live plants and parts of plants, the period of restriction is established annually on the advice of an Import Committee, consisting of representatives from all the organizations concerned. If prices of domestically grown products exceed the established ceiling prices for two consecutive weeks, imports are permitted freely until the domestic prices again drop below their ceilings. Foreign products ordered during a period of free import must be cleared within one week of the re-imposition of the restrictions.

The following is a general list of those agricultural products affected by the above import restrictions:

1. Beef, veal, mutton and lamb—fresh, refrigerated, frozen, salted or in brine, dried or smoked.
2. Pork and bacon—fresh, refrigerated, frozen, salted or in brine, dried or smoked.
3. Slaughtered poultry—fresh, refrigerated or frozen.
4. Eggs—fresh or preserved.
5. Potatoes.
6. Vegetables:

Cucumbers: salad cucumbers, gherkins, cucumbers for sweet pickling.
Broccoli.
Cauliflower.
Beans: green beans, runner beans, broad beans, wax beans.
Peas: sugar peas, green peas, marrowfat peas.
Carrots.
Chives.
Cabbage: white cabbage, red cabbage, savoy cabbage, Yorkshire cabbage.
Jerusalem artichokes.
Onions: red onions, shallots.
Melons.
Turnips.
Horseradish.
Parsley: curled-leaf parsley, rooted parsley.
Leeks.
Radishes.
Lettuce: cabbage lettuce, chicory, endive.
Celery: celeriac, celery.
Mushrooms (champignons).
Spinach.
Tomatoes.

7. Fruits and berries:

Apples.
Pears.
Plums.
Cherries, including mazard cherries.
Peaches, including nectarines.
Black currants.

8. Preserves of the above mentioned vegetables, fruits and berries (with the exception of peaches), as well as preserves of blueberries, blackberries, raspberries, strawberries, cloudberries, red currants, gooseberries and cranberries.
9. Live plants and plant parts, with the exception of forestry plants.

In addition to the above list, import quotas have been established for the calendar year 1960 for each of the following products:

Product	Amount of quota in kroner
Live animals, not for human consumption	1,200
Cheese	1,250
Eggs	1,050
Uncleaned feathers and down	2,250
Other feathers and down	750
Flower bulbs	6,500
Live plants, tubers, rhizomes, etc.	5,000
Cut flowers	1,800
Other parts of plants	150
Grass meal	1,000
Agar-agar and other thickeners	650
Linseed oil, raw or refined	1,500
Other fatty vegetable oils	1,900
Stearine	500
Hardened animal and vegetable oils	400
Other animal and vegetable oils and fats	500
Glucose and grape sugar, etc.	500
Sugar and chocolate products (covers products under No. 18060)	1,400
Cocoa butter	2,500
Cornflakes, etc.	300
Cakes, biscuits and other fine bakers' wares	1,000
Fruit and vegetable juices	3,400
Sauces, etc.	300
Soups and broths	200
Various other prepared foods	1,500

It would probably be difficult for prospective Canadian exporters to compete in any of the products restricted under the Agricultural Agreement, with the exception of apples. It is seldom that price ceilings are exceeded for more than a short period and the long haul from Canada, coupled with the one-week extension for clearing, would make this impracticable. However, any of the commodities on the global quota list are open to competition and in addition there are a considerable number of products for which at present import licences are either granted liberally or are unnecessary. These include the following canned fruits: peaches, pineapple, apricots, mandarines, and fruit cocktail; dried apricots and prunes; the following canned vegetables: corn, asparagus, and artichokes; citrus juices; sugar and syrups; certain animal and vegetable fats; casings; hair and bristles; oilseeds; malting barley; dried and split peas and beans. Because some products are still officially subject to import licence control, Canadian exporters should seek the advice of the Commercial Counsellor in Oslo. ●

Cuba Expands Chemical Industry

CANADIAN exporters of chemicals to Cuba will be interested in plans to expand the Cuban chemical industry that will possibly influence their sales in that market. The Cuban state bank, National Bank for Economic and Social Development (BANDES), has announced plans for creation of an important industrial complex at Matanzas, some 60 miles east of Havana. State-owned industries producing rayon staple fiber and nitrogen fertilizer are already operating in this area and a dozen new plants are now being considered, calling for investment of some $15 million.

Among the chemical products to be manufactured are:

● *Calcium Carbide*—This plant, to cost $600,000, is now in the blueprint stage. The raw material, calcium carbonate, is available locally and initial capacity will total 9.9 million pounds per year. In 1957 Cuba imported 8.7 million pounds of calcium carbide valued at $395,000, with 80 per cent of this coming from Canada and 20 per cent from the United States. During 1959, Canada sold $299,868 worth of calcium compounds to Cuba.

● *Polyethylene film and bags*—This plant will have an annual capacity of 2.7 million pounds of polyethylene film and will employ 80 to 100 workers. A U.S. firm will supply machinery costing about $350,000 and will allow use of a patented process on a royalty basis. The royalties will be re-invested in Cuba. The basic raw material, polyethylene pellets or flakes, will be imported. This will be the second polyethylene bag plant in operation in Cuba. There is an assured market for polyethylene bags in packaging nitrogen fertilizer, grains, fruits and vegetables.

● *Spun Rayon*—This product will be added to the range of the rayon company already established. All Cuba's requirements of spun rayon are currently imported at a cost of $3.7 million per year. Production of spun rayon will be about three million pounds per year and about 150 workers will be employed. During 1959, Canada sold $208,100 worth of synthetic fibres and resins to Cuba.

● *Sulphuric Acid*—The rayon factory previously produced its sulphuric acid from imported sulphur but it will now be redesigned to produce sulphur directly from local Cuban pyrites, thus saving foreign exchange. New machinery costing about $350,000 will be installed and production of sulphuric acid expanded to between 60 and 100 tons per day. It is expected that the new plant will result in a saving of $4 per ton of sulphuric acid.

● *Sodium Sulphate*—This plant will use waste products from the rayon factory. The process will require an investment of $400,000 and will turn out about eight tons of sodium sulphate a day.

● *Vegetable Oils*—Private interests have announced plans to build six cold oil extraction plants in Cuba, based on a German process. A variety of oil-bearing seeds can be used to produce vegetable oils, margarine, mayonnaise and oil cake. Each plant will cost about $120,000 and will produce 700 pounds of oil per hour. The first plant will be established in Havana this year and shares will be sold to the public to finance it. Canadian sales of flaxseed to Cuba during 1959 amounted to nearly $70,000.

—R. R. PARLOUR,
Commercial Secretary, Havana.

Paints and Varnishes

The Market in Trinidad

Chances to boost paint sales to Trinidad uncertain, except for specialized varieties. Government grants concessions to foreign companies wishing to set up subsidiaries.

R. F. RENWICK, *Commercial Secretary, Port-of-Spain.*

CONSUMPTION of paints and estimates of future sales, including exports, are rising in Trinidad, though the growing market is likely to benefit plants already established in The West Indies rather than Canadian exporters. During the years of severe sterling-area import restrictions, United Kingdom paint manufacturers took full advantage of the situation to enhance their dominant sales position. The partial relaxation of trade restrictions has prompted a British paint firm to set up a subsidiary in Trinidad and two more are expected to follow. This plant, operating under favourable industrial development laws and given a measure of protection through quantitative import restrictions still in effect, stands to profit most in the months ahead.

Imports Are Controlled

Historically, imports into Trinidad have been controlled. For over 20 years, Canadian exporters who built up a respectable prewar pattern of sales to Trinidad have had to cope with restrictions of one type or another, whether of shipping, supply or import licences. After the postwar transition period, Canadian sales of paints to the British West Indies were governed by the British West Indies Trade Liberalization Plan, brought into operation in 1951. Under the plan, sales were limited to 40 per cent of average annual shipments for the years 1946-48. In 1959 the British West Indies Trade Plan ended. Trinidad kept paints under control, however, and importers were placed on a quota of 125 per cent of the amount of their restricted imports under the British West Indies voucher system.

A Negative Import Control Notice for Trinidad, issued on September 3, 1959, listed paints. This was succeeded by a new Open General Licence of May 7, 1960, which, however, still restricted the import of paints, enamels, varnishes and lacquers to merchants who could apply for a quota based on their 1958 imports.

If Trinidad had considered that the domestic industry possessed enough tariff protection, imports would probably have been permitted freely from all sources, including the United States and Canada, because the sterling area as a whole is not enforcing import controls for balance-of-payments reasons. Trinidad's British preferential tariff rate on paints, enamels, varnishes and lacquers is B.W.I.$1.25 per 100 pounds, compared with a general tariff rate of B.W.I.$2.50 per 100 pounds (Can.$1.00=B.W.I.$1.74).* The much-discussed customs union of The West Indies envisages a common external tariff applicable to Trinidad, Jamaica and the smaller islands. Current discussions on individual tariff rates are based largely on The West Indies *Report of the Trade and Tariffs Commission, 1958,* commonly termed the Croft Report. This report recommends that paints, enamels, varnishes and lacquers be subject to a British preferential rate of duty of 15 per cent ad valorem. Whether or not this rate will actually become the common external tariff on paints within The West Indies customs union is uncertain, but few persons in the trade think the eventual permanent level of the tariff will be any lower.

In 1951, the first year the BWI Plan operated, sales of Canadian paints to Trinidad totalled 16,800 gallons; they increased to 23,570 gallons in 1955 and then declined until 1959, when partial liberalization of trade was introduced and sales reached 30,350 gallons. Imports of paint from the United Kingdom and Jamaica came in under Open General Licence, and Commonwealth sales to Trinidad kept pace with the over-all increasing demand for the commodity not only in Trinidad, but in all the Caribbean.

Jamaican factories first started to export in 1955, when they sold 200 gallons to Trinidad. By 1959 these sales had reached 25,630 gallons, or about the volume that Canadian and United States manufacturers now enjoy. With the increase in paint-manufacturing capacity in Trinidad, imports will probably not

TRINIDAD IMPORTS OF PAINTS, ENAMELS, VARNISHES AND LACQUERS*

		1951	1955	1957	1959
		(c.i.f. B.W.I.$, and liquid [imperial] gallons)			
Total	$	1,047,967	1,206,770	1,295,829	1,646,422
	gal.	162,876	195,608	188,907	230,251
United Kingdom	$	902,728	912,313	955,625	1,037,059
	gal.	142,777	146,337	138,635	141,061
Canada	$	119,451	186,082	122,613	229,809
	gal.	16,802	23,568	14,667	30,342
Jamaica	$		1,290	62,261	186,160
	gal.		200	9,804	25,630
United States	$	14,831	82,454	113,179	169,731
	gal.	2,005	20,723	15,684	28,740
Other countries**	$	10,957	24,631	42,151	23,663
	gal.	1,293	4,780	10,117	4,477

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*Source: *Overseas Trade,* Central Statistical Office, Government of Trinidad and Tobago.

**Includes the Netherlands, Denmark, West Germany, Sweden, plus 11 other countries.

continue to expand in step with rising consumption. Already United Kingdom paint sales to the island have been reduced by deliveries from the Port-of-Spain subsidiary of a British paint factory. Imports of paints, enamels, varnishes and lacquers are shown in the accompanying table.

Aid to "Pioneers"

The growing market for paints in Trinidad and other Caribbean islands is attractive to United Kingdom manufacturers, especially those interested in overseas investments. Imperial Chemical Industries Paints (West Indies) Limited was declared a pioneer manufacturer in February 1960 by the Trinidad Government under its Aid to Pioneer Industries Ordinance. The ICI factory now under construction is expected to start making paints, oils, colours, varnishes, distempers and enamels in mid-September. Another British manufacturer, Messrs. Sissons Brothers Company Limited of Hull, United Kingdom, is also expected to establish a Trinidad base of operations in the near future.

On the recommendation of the Trinidad and Tobago Industrial Development Corporation, pioneer industries may obtain 30-year leases of crown lands at reasonable rents. Another fiscal incentive is import-duty concessions amounting in some instances to exemption from all duties on imports of raw materials, equipment or supplies used in manufacturing or for erection of a factory. Accelerated depreciation allowances for tax purposes and the setting-off of losses against subsequent profits, plus an income tax holiday for an initial five-year period from date of first production and renewable for a further five years, are additional incentives. Under certain conditions all of these advantages accrue to a "pioneer" factory, but they are not necessarily or automatically granted to additional plants making similar products.

Local Production, Exports

Late in 1953, British Paints (Caribbean) Limited established its Trinidad paint factory as a pioneer industry and since then it has made steady progress. Production is largely concentrated on the more popular oil-based house paints or emulsion-type latex paints. Alkyd flat paints and high-gloss enamels are also produced. Output figures are not published but it is commonly accepted by the trade that British Paints' sales account for about 40 per cent of the total Trinidad domestic and export market, and that about 40 per cent of its success is due to price and about 60 per cent to good quality finishes.

Special flameproof paints were used on the new asbestos proscenium curtain for Queen's Hall, Trinidad's principal theatre. The curtain, designed by Trinidad artist Carlisle Chang, is 40 feet long by 30 feet, and took about three weeks to complete.

For some years paints have been exported to nearby markets, mainly to British Guiana. In 1958 British Guiana absorbed 47,554 gallons of Trinidad paint valued at W.I.$342,044. Grenada took a tenth of this amount and Barbados slightly more. Sales to other islands ranged from $1,218 to $12,680. When The West Indies customs union becomes effective, it is expected that sales from Trinidad will rise. Trinidad will have to contend, however, with competition from Jamaican manufacturers, who will also enjoy duty-free entry of their goods to the islands that will form the customs union.

Where Opportunities Lie

Prospective manufacturers' representatives, agents, stockists or distributors are well aware that paint manufacturers in Jamaica and Trinidad will eventually produce more than enough to fill their needs. They have little faith in the future of imports that have to bear ocean freight rates and a prospective West Indian tariff of 15 per cent ad valorem. For this reason, we have had only limited success in assisting the few Canadian exporters who wish to obtain new sales in the Caribbean.

However, there is a small market here for specialty paints that will likely continue to flourish. Marine paints, anti-corrosive finishes for metal, and specialty finishes for machinery and appliances are the best bet. Quotations should be c.i.f. and include an agent's commission. Terms of sale are the usual sight draft to 90 days. Consignment stocks are not necessary and actually are, at times, considered a poor way of selling in The West Indies. Containers can be either imperial or United States measure; the latter is preferred because it is smaller and cheaper retail prices can be offered.

The Canadian exporter of paints considering sales prospects in Trinidad faces an uncertain market. Quality specialized products hold the most promise—which emphasizes the old maxim that quality pays in export trade. ●

The Market in Jamaica

Canada supplies one-quarter of Jamaican demand but increasing local production may mean greater competition in future.

HOWARD CAMPBELL, *Trade Commissioner, Kingston.*

WHEN Jamaicans buy paint, they buy Canadian paint 25 per cent of the time; one-quarter of the island's paint requirements come from Canada. Last year Jamaica bought 100,000 gallons of Canadian paint worth $314,000. Jamaica ranks as a major market for the Canadian paint exporter though, as in other countries, a domestic paint industry is being established and the market for imported paints may shrink.

The Berger interests of Britain established a paint factory on the outskirts of Kingston, capital and commercial centre of the island, six years ago. Its capacity is reported to be 480,000 gallons a year but actual production has seldom reached more than half this amount. In September 1959 a second factory was built in Kingston by the Glidden Company, with a reported capacity of 100,000 gallons a year. This one is designed so that it can be expanded to five times its present size and capacity. Both factories are exporting to other islands in The West Indies, British Guiana and British Honduras.

Up until the end of 1959, paints were exported from Canada to Jamaica under the Canada/West Indies Trade Liberalization Plan. When the Plan was terminated in January 1960, the Jamaican authorities made all paints from all sources, including the United Kingdom, subject to import licensing. At the present time there is considerable speculation about the basis on which import licences will be granted. While a decision is being reached,

PAINT IMPORTS INTO JAMAICA

	1955	1957	1958	1959
	£	£	£	£
Distempers	19,488	37,798	46,629	
United Kingdom	14,046	32,557	41,474	
Canada	5,027	5,241	5,051	
Paints	195,899	274,769	263,876	
United Kingdom	138,175	168,190	161,294	153,894
Canada	40,775	82,442	80,509	98,474
Hong Kong		1,648	1,063	
United States	6,555	19,865	18,512	17,170
Trinidad and Tobago	9,090	1,325	388	554
West Germany	91	137	687	441
Netherlands	1,113	904	1,423	749
Enamels	21,406	27,578	32,615	
United Kingdom	10,972	12,555	14,990	19,378
Canada	8,322	11,491	12,468	14,504
United States	1,648	2,641	3,410	6,223
Netherlands	333	766	1,592	562
Varnishes	22,378	30,239	27,520	
United Kingdom	19,168	25,257	21,557	
Canada	2,259	2,905	3,436	
United States	263	668	1,179	
West Germany	114		57	
India		847	665	
Netherlands	500	497	556	

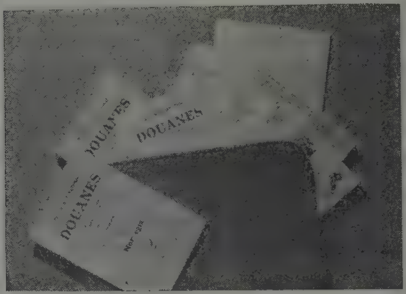
import licences are being granted only for paints of a type not manufactured locally. These include automotive finishes, shellacs, and polyester and epoxy paints.

It is estimated that Jamaica used 400,000 gallons of paint last year, of which 200,000 gallons were imported. The accompanying table shows the main sources of supply.

The emergence of a local paint industry has increased competition, and Canadian manufacturers who wish to obtain a share of the market must package their products as attractively and promote them as aggressively as they do in Canada. Jamaicans are extremely brand conscious and this makes it difficult to introduce a new line. Price is a major factor and to overcome the differential caused by the use of the imperial measure, most firms selling paints in Jamaica use cans of United States measure.

Imported paints are usually sold through commission agents who see that adequate distribution is obtained through wholesalers on the island. Factory representatives of some overseas suppliers reside in Jamaica and work with their agents to promote the sale of their brands. A large Canadian manufacturer of paint established a warehouse in Kingston two years ago to service its customers on the island. Terms of payment are usually 60 to 90 days, but some business is still being done on a cash basis.

The office of the Canadian Trade Commissioner, P.O. Box 225, Kingston, Jamaica, will be glad to assist Canadian manufacturers wishing to establish outlets in Jamaica. ●



Trade and Tariff Regulations

Aden

IMPORT CONTROLS RELAXED—The Controller of Civil Supplies, Aden, has announced that effective January 29, 1960, all goods except gold; silver bullion and coin; platinum, diamonds and any other precious stones and metals; technical white oil, and goods prohibited for reasons such as safety and health may be imported freely from dollar countries (including Canada) under Open General Licence. Individual import licences are required only for the products listed above.

Australia

TRADE AGREEMENT WITH CANADA—Instruments of ratification of the Canada-Australia Trade Agreement were exchanged on June 30 and the agreement came into effect in both countries from that date. The provisions of the agreement were reported in *Foreign Trade* of February 27, 1960.

Brazil

EXCHANGE RATE FOR EXPORTS INCREASED—The Superintendency of Currency and Credit (SUMOC) of the Bank of Brazil has issued a new Instruction, No. 196, increasing the export exchange rate for products classified in the First Category for exports from Cr.$76.00 to Cr.$90.00 to the U.S. dollar or its equivalent in other currencies. Products classified under this category are green coffee in beans; roasted coffee, ground or otherwise, and cocoa beans—Rio de Janeiro.

Iceland

NEW LIBERALIZATION PROGRAM—On June 1, 1960, a law on import trade and foreign exchange transactions came into effect, with the Regulation on Import and Foreign Exchange Licences and the Regulation Governing Imports and Foreign Exchange Transactions. The new regulations provide for liberalization of about 60 per cent of Iceland's total imports (basis 1958). Licences for restricted goods will be listed either under bilateral quotas for imports from countries with which Iceland has clearing agreements (mostly East European countries) or under global quotas for imports from other countries, including Canada. Because of numerous outstanding import licences issued before the entry into force of the new regulations, global quotas for the remainder of 1960 will be small.

The list of restricted commodities includes chiefly foods and consumer goods. Some paints and varnishes and certain articles of clothing will be subject to import licensing only until December 31, 1960. Details of restricted goods for which import licences are required are available from the International Trade Relations Branch of the Department of Trade and Commerce.

The law of June 1, 1960, is the central feature of the new Icelandic economic program which has been in preparation for a number of months, with the assistance of the IMF and the OEEC. (Iceland is a member of both organizations.) Within the framework of this program Iceland devalued its currency in March 1960 by approximately 34 per cent, setting the new parity at 38 Icelandic kronur to one U.S. dollar. At the same time the multiple exchange system, with its adverse effects on foreign trade, was abolished.

Canadian exporters will find it easier to trade with Iceland under the new regulations. The global import quotas that are to be established will be made known at the beginning of each year. Three Icelandic commercial banks—the National Bank, the Commercial Bank and the Fisheries Bank—will issue import and exchange licences (not less than 10 Icelandic kronur for each licence). It is expected that import taxes levied in addition to import duties will be reduced considerably. Until the new tariff system based on the Brussels nomenclature is introduced, import duties and import taxes on materials for shoemaking will also be lowered temporarily. The only tax increase will be the sales tax on imports, which goes up from 7 per cent to 15 per cent but will expire automatically at the end of 1960.

The liberalization measures are only part of Iceland's new economic program. More detailed regulations will be issued to implement the basic law of June 1 and legislation will be introduced in line with the anticipated reorganization of Iceland's economy.

South Africa

DOCUMENTATION OF PIECEGOODS—South African Government Notice R537 of April 14, 1960, provides that certain classes of printed cotton and rayon piecegoods must be spun, woven, and printed in the country of origin in order to qualify for minimum or intermediate rates of duty when these apply.

The Commissioner of Customs and Excise has instructed that invoices for future shipments must be certified to the effect that the printed goods in question have been spun, woven, and printed in a particular territory. In the absence of such certification the maximum rate of duty will be imposed.

Invoices for piecegoods on which the certificates of origin still indicate that the factory or works cost is at least 70 per cent or 75 per cent, and that are not endorsed to the effect that the goods have been spun, woven and printed in the country of origin, may be accepted in lieu of such endorsement for shipments made before August 1, 1960. It will be sufficient in future for certificates of origin on standardized invoices to indicate, where such is the case, that at least 25 per cent of the factory or works cost of the goods is represented by materials produced and labour performed in the country of origin. Invoices for goods that qualify for admission at minimum or intermediate rates, where applicable, by virtue of their having been spun, woven and printed in the country of origin, must bear a certificate by the supplier to that effect. (Cotton and rayon piecegoods imported into South Africa from Canada in accordance with these requirements are entitled to entry under the intermediate tariff.)

United Kingdom

CANNED FRUIT QUOTAS ANNOUNCED—The Board of Trade (United Kingdom Government Department) has announced an increase from £3.2 million to £4.2 million in the quota for canned deciduous fruit imported from dollar countries during the twelve months beginning September 1, 1960. This quota, which is on a c.i.f. basis, covers all types of canned fruits except apples, pineapples and citrus fruits.

The quota for canned or bottled apples imported from dollar and certain other (mainly Western European) countries has been continued at £800,000 c.i.f. for the twelve months beginning July 1, 1960.

IMPORT LICENSING OF ALCOHOLIC BEVERAGES—The Board of Trade announced on July 12 that applications to import wine, beer, and gin from dollar countries will in future be considered sympathetically, although formal quotas are not being established.

Venezuela

IMPORT RESTRICTIONS ON PLYWOOD—According to a resolution issued by the Ministry of Development, published in the *Official Gazette* of June 15, No. 26280, the import of plywood from all countries has been placed under compulsory import licensing as of June 18. The measure will be valid for three months to allow the Venezuelan authorities to study a more adequate way to protect local production—Caracas.

Yugoslavia

RESTRICTIONS RELAXED ON CERTAIN IMPORTS—The Yugoslav press has announced that import organizations in that country are now free to import manufactured consumer goods without first obtaining approval of their contracts from the Federal Secretariat for Trade. Previously, the Secretariat granted approval only after a thorough examination of the proposed purchases. This had the effect of a regular licensing procedure. However, there has not been any change in the requirement for importers of such goods to purchase the necessary foreign exchange at special meetings of foreign exchange compensation offices. It is possible that shortage of funds for these meetings may limit imports of consumer goods.

Yugoslav enterprises are now allowed to use their replacement funds without restriction to import equipment. This measure should lead to greater purchases of equipment from abroad. Yugoslav authorities hope that it will assist in increasing production in the country.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02073365.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent July 18	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01188	84.17	(1)
Austria	Schilling		.03772	26.51	
Australia	Pound		2.2021	.4541	
Bahamas	Pound		2.7526	.3633	
Belgium, Belgian Congo and Luxembourg	Franc		.01966	50.86	
Bermuda	Pound		2.7526	.3633	
Bolivia	Boliviano	Free	.00008575	11,661.81	
British Guiana	Dollar		.5735	1.74	
British Honduras	Dollar		.6881	1.45	
Brazil	Cruzeiro	General Category*	.004242	235.71	*July 5 (2)
		Special Category	.001996	501.10	
		Official selling	.05179	19.31	(3)
Burma	Kyat		.2057	4.86	
Ceylon	Rupee		.2064	4.84	
Chile	Escudo	Free	.9313	1.07438	(4)
Colombia	Peso	Certificate	.1462	6.84	
Costa Rica	Colon	Official	.1745	5.73	
		Controlled free	.1473	6.79	
Cuba	Peso		.9797	1.02072	tax 2%
Czechoslovakia	Koruna		.1361	7.35	
Denmark	Krone		.1422	7.03	
Dominican Republic	Peso		.9797	1.02072	
Ecuador	Sucre	Official	.06532	15.31	
		Free	.05729	17.45	
Egyptian Region, United Arab Rep.	Pound	Official	2.8132	.3555	
		Export account selling	2.5475	.3925	
El Salvador	Colon		.3919	2.55	
Fiji	Pound		2.4798	.4032	
Finland	Markka		.003062	326.58	
France, Monaco, etc.	New Franc		.1999	5.00	(5)
French colonies	Franc		.003998	250.12	(6)
French Pacific	Franc		.01099	90.99	(7)
Germany	D Mark		.2349	4.26	
Ghana	Pound		2.7526	.3633	
Greece	Drachma		.03265	30.63	
Guatemala	Quetzal		.9797	1.02072	
Haiti	Gourde		.1959	5.10	
Honduras	Lempira		.4898	2.04	
Hong Kong	Dollar	Free*	.1709	5.85	*July 8
		Official	.1720	5.81	
Iceland	Krona	Official	.02578	38.79	(8)
India	Rupee		.2064	4.84	
Indonesia	Rupiah	Official	.02177	45.93	(8)
Iran	Rial		.01293	77.32	
Iraq	Dinar		2.7431	.3645	

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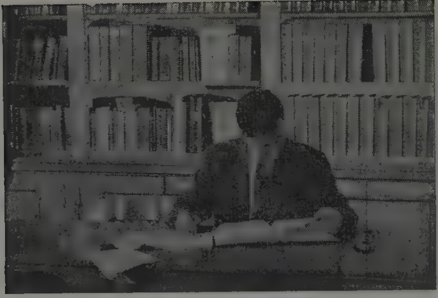
*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent July 18	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7526	.3633	
Israel	Pound		.5443	1.84	
Italy	Lira		.001579	633.31	
Japan	Yen		.002722	367.38	
Lebanon	Pound	Free	.3077	3.25	
Mexico	Peso		.07838	12.76	
Netherlands	Florin		.2598	3.85	
Netherlands Antilles	Florin		.5235	1.91	
New Zealand	Pound		2.7526	.3633	
Nicaragua	Cordoba	Effective buying	.1484	6.74	
		Official selling	.1389	7.20	
Norway	Krone		.1373	7.28	
Pakistan	Rupee		.2064	4.84	
Panama	Balboa		.9797	1.02072	
Paraguay	Guarani	Official	.008030	124.53	
Peru	Sol		.03600	27.78	
Philippines	Peso		.4898	2.04	
Portugal & Colonies	Escudo		.03419	29.25	(9)
Singapore and Malaya	Straits Dollar		.3211	3.11	
Spain and Dependencies	Peseta		.01633	61.24	
Sweden	Krona		.1896	5.27	
Switzerland	Franc		.2271	4.40	
Syrian Region, United Arab Rep.	Pound	Free	.2740	3.65	
Thailand	Baht	Free	.04629	21.60	(8)
Turkey	Lira		.1089	9.18	(8)
Union of South Africa	Pound		2.7526	.3633	
United Kingdom	Pound		2.7526	.3633	
United States	Dollar		.9796875	1.02073365	
Uruguay	Peso	Free	.08598	11.63	(10)
Venezuela	Bolivar		.2924	3.42	
West Indies Fed.	Dollar		.5735	1.74	(11)
	Pound		2.7526	.3633	(12)
Yugoslavia	Dinar	Official	.003265	306.28	(8)
		Settlement rate	.001550	645.10	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.



Businessman's Bookshelf

The Europa Year Book 1960, Volume I

Europa Publications Limited. 1,194 pages. $25.00.

THIS volume is the first of two in which Europa plans to cover every year all the countries of the world. Volume I, which deals with Europe (including the Soviet Bloc and Turkey) came out last year for the first time. It proved to be an astonishing compendium not only of the statistics, constitution, legal system, press, and educational institutions of each country in Europe, but also a valuable guide to today's international organizations such as the Common Market, Euratom, NATO, GATT, FAO, ILO, etc. This year the information is revised to include EFTA and other new organizations, plus much additional data about Eastern European countries. Volume II, which is to make its first appearance in 1960, deals with Africa, the Americas, Asia and Australasia. We expect it will be as useful a reference as its mate.

Published by: Europa Publications Limited, 18 Bedford Square, London, W.C.1.

International Telephone Directory, 1960

International Telephone Directory, Inc. 2 volumes. 2,200 pages. $20.00.

HERE in a single reference work is an international index listing the names of manufacturers and associations in 125 countries, with their mail and cable addresses and telephone numbers. The directory includes information about how to make telephone calls abroad, world time zones, world currency exchange and international organizations, plus an index to its trade headings in four languages—English, French, Spanish and German.

To find the manufacturer of a product in a certain country, you simply turn to the alphabetical index of trades and associations and discover the code number for that product. Then under the country and code number headings you can quickly find all the firms manufacturing the product. Banks, shipping agents, notaries, hotels, etc., are coded in the same way. It is an easy system to become familiar with. If you are interested in electrical equipment, for instance, you can find all the 269's in a number of countries in a matter of minutes.

The directory is revised and re-issued every year. In addition to carrying listings, it accepts advertising.

Order from: International Telephone Directory, Inc., 190 East Avenue, Rochester 4, New York.

The Executive Abroad

By John Fayerweather. 195 pages. $4.00.

EVERY day, businessmen encounter problems in their relations with other members of the business community. These problems become more acute when the businessman is carrying on his work in another country, in a different social and cultural milieu.

Mr. Fayerweather has made an intensive study of the relationships between U.S. and foreign executives. He bases his findings on an opinion survey of administrative relationships in several countries and on keen observation of selected managerial groups in Mexico. He points out that the major problems in these contacts stem from differences in cultural attitudes. He then discusses at length the attitudes prevalent on the administrative level, such as the attitude of the executive toward other people and the approach of each individual to his work. He devotes a chapter to the possibility and difficulty of changing cultural attitudes when this change will result in greater efficiency.

To illustrate these problems, he uses case histories throughout the book. Even though the U.S. executive abroad forms the basis of this study, the motivations of his behaviour apply to the Canadian businessman also because Canadian working habits are similar.

The author's main field of research has been Mexico and as such his coverage tends to be limited. However, the behaviour of the Canadian or U.S. executive abroad is more or less the same, whether he is in Mexico or India.

As a sociological study, this volume should prove useful to any person working or about to work in a foreign country.

Order from: Syracuse University Press, Syracuse 10, N.Y.

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AUGUST 13, 1960

foreign trade

NADA

THE AUSTRALIAN MARKET REVIEWED (page two)

foreign trade

Established in 1904

OTTAWA, AUGUST 13, 1960 Vol. 114, No. 4

cover These buyers on the show floor at Elder, Smith & Co. Ltd. of Melbourne, Australia's largest wool brokers, are examining sacks of wool before the auction begins. Wool retains its importance in Australia's export trade and as a foreign-exchange earner though prices have dropped in the last five years. For a complete review of Australian production, investment, foreign trade, etc., see pages two to eleven.

CANADA

2 **The Australian Market . . .** *a long look at this vital, rapidly developing country and the promise it holds for Canadian traders.*

11 **New Zealand: an Improving Market . . .** *where our trade is recovering, though the pattern is changing as industry matures.*

13 **Fiji Offers Sales Opportunities . . .** *as relaxation of controls opens up a small but active market.*

15 **How's Business in Northern Ireland? . . .** *satisfactory, the Trade Commissioner reports, with opportunities for increased trade appearing.*

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Trade
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Canada

Future
Outlook

The great "coathanger" bridge across Sydney's beautiful harbour that covers twenty square miles.

The Australian Market

S. V. ALLEN, *Commercial Counsellor, Sydney.*

Production

AUSTRALIA is riding the crest of an unprecedented boom as production and employment continue to rise. Industrial output is climbing more rapidly than a year ago, with basic industries such as steel and cement growing faster than average. Farm income has been satisfactory and returns from wool especially good.

Buoyant conditions prevail in both home and non-home building. Home unit starts, at an annual rate of 84,000 in 1959, rose to an annual rate of 91,000 in the first quarter of this year. Capital expenditures planned by industry during the first six months of the year were more than 22 per cent ahead of the same period in 1959. Electricity generated continues to increase—about 11 per cent in the first quarter of this year over January-March of 1959.

Most consumer goods industries are prospering and motor vehicle sales and registrations continue to keep pace with domestic production. Some saturation in demand for specific electrical appliances has been apparent, but retail sales exclusive of motor vehicles are running at quarterly rates about 8 per cent above corresponding 1959 figures.

New car registrations are currently reaching a record and are 20 per cent above last year; unfortunately the building of suitable modern highways throughout the country is lagging. One promising development that may encourage tourists from overseas is an extensive and much needed major hotel-construction program, with the possible outlay of A£40 million in Australian capital cities alone. Fifty-one motels were built in Australia last year and thirty more are planned.

Expansion of the large retail chain stores continues. Suburban retailing, including supermarkets, is growing rapidly throughout the country. Large stores in capital cities which have branched out to the suburbs on a wide scale have also shared in the general increase in retailing, though they have achieved only two-fifths as large a gain as the suburban retailers.

Instalment Buying Increases

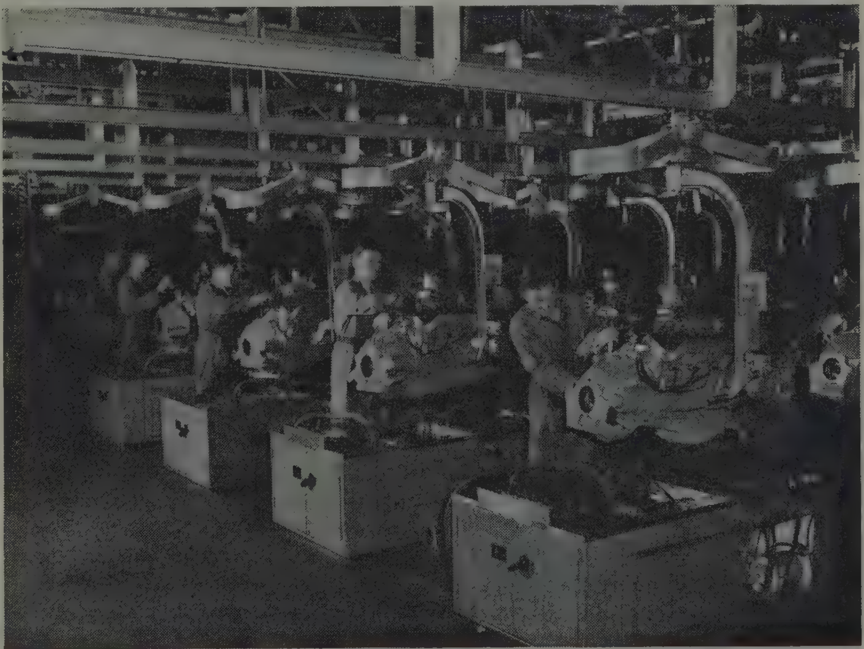
Instalment buying has increased phenomenally in recent years and financing facilities for this purpose have also expanded. Trends during the last half of 1959 indicate that sales under new agreements in 1960 may reach about A£290 million—an annual increase of about 10 per cent. About 73 per cent of this instalment credit covers the purchase of motor vehicles but the buying of household equipment (notably television sets and electrical appliances) and personal goods is being more and more financed on time. The per capita growth of time sales has risen from slightly over A£10 in 1953 to about A£34 in 1959. In comparison with a 300 per cent growth in instalment buying over six years, advances by banks in Australia have gone up only 43 per cent. By the end of 1960 the instalment debt will total well over A£400 million.

Employment High

Expanding employment opportunities and virtually full employment have been recorded monthly since January 1959, the lowest point for several years. During the year 1959 employment rose by 75,000, half of which went to manufacturing. With rising wages (up 6.5 per cent in 1959), labour relations have been stable, with strikes limited to local and non-basic trades in the past year. Recent cost-of-living indexes indicate that inflation, which threatened the economy early in 1960 because of authorized wage increases in late 1959, may have been checked. It is generally, but not officially, accepted that an annual rise of 2 to 3 per cent in price levels is inevitable.

The outlook is encouraging for continued industrial growth, but the need of and scope for a substantial improvement in productivity are widely recognized. The expansion of Australia's industrial output over

Australia's motor vehicle industry, that started in a small way 40 years ago, now manufactures or assembles nearly 335,000 vehicles a year. The picture shows the engine assembly line at the Ford plant in Geelong, one of the eight main producers.



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the past decade has been faster than in other Anglo-Saxon countries, and there are no signs of appreciable change in the pace of progress.

Agricultural Production

Agricultural efficiency continues to improve. Output is now half as much again as during the war years, with the same work force. But steadily rising costs and inflated land values are causing concern.

The value of rural production in Australia in the past year—despite a bad drought in some areas, especially Southern Australia—was about A£1,285 million, or 4 per cent higher than in 1958-59. Average net farm income, however, has declined by 11 per cent in the past four years from the average for the preceding four years.

Meat output rose sharply because of favourable overseas demand, especially for beef and veal, and the outlook remains encouraging. Wool production, at 1,690 million pounds, was 6 per cent greater than in the previous year, with sales at A£370 million, the best return since 1956-57. Average greasy wool prices, 58s.5d. a pound, were 20 per cent higher than in the previous year and exports larger in both value and volume (especially to European and Asiatic countries) contributed substantially to the country's income. Since 1954, however, wool prices have dropped about 5 per cent a year and this trend, in the face of rising production and marketing costs, is worrying the industry.

Although wheat sales have gone up about 50 per cent, abnormal world surpluses, accompanied by dependence on intergovernmental negotiations and trade agreements, create an uncertain outlook and the cost of producing wheat has risen above the prices obtained in the export market. The Wheat Prices Stabilization Fund, which formerly made up the difference between actual export prices and the guaranteed return (estimated cost of production) of 14s.10d. per bushel, is now exhausted and subsidies on this year's sales may total A£2.5 million. There is speculation about the Government's need to subsidize further wheat exports to the extent of possibly A£6.7 million a year on 100 million bushels. Trade agreements or special arrangements with the United Kingdom, Japan, Ceylon, Malaya and West Germany ensure the sale abroad of two-thirds of Australian wheat exports. Declining flour sales and the unfavourable long-term prospects are also causing concern.

The dairying industry is also receiving compensation for overseas sales of butter made at a loss, bu exports of dairy products rose from A£42 million in 1958-59 to A£5 million in 1959-60. There was overproduction in the cane-sugar industry for the third year in succession and export returns as well as volume were lower. Fruit production including dried vine fruits, decreased because of seasonal difficulties and lower prices received abroad meant smaller exports. ●

Foreign Investment

AUSTRALIA'S balance of payments in recent years has been well supported by an inflow of private capital from overseas. The United States has lately become a more important source although the United Kingdom is still the largest investor. Strenuous official and private efforts are being made to increase the interest of foreign investors in the development and diversification of local industry. The objective is to help bridge the gap between outlays for imports and services and earnings from exports. Total capital inflow, including appreciable unremitted profits of Australian subsidiary companies, has totalled about A£1,000 million since the end of World War II.

Recent official figures covering Australia's balance of payments show that "identified" overseas investment in companies in Australia in 1958/59 reached A£118.1 million compared with A£98.0 million in 1957/58 and A£103.3 million in 1956/57. Some details on the form of investment and countries of origin are given in the table below.

Undistributed income, which usually is reinvested in Australia, totalled A£25.5 million, or 40 per cent, of the United Kingdom investment, an increase of A£7.0 million compared with 1957/58. Undistributed income accounted for A£30.6 million, or nearly 70 per cent, of United States investment; an increase of A£11.6 million compared with 1957/58.

Probably 60 per cent of direct investment funds in the past ten years were British in origin, and 30 per cent of United States (mainly) and Canadian origin. The remainder

OVERSEAS INVESTMENT IN AUSTRALIA

	1958/59	1957/58	1956/57
Form of Investment	(in millions of Australian pounds)		
Undistributed profits	58.7	39.7	45.6
Other direct investment	40.0	50.4	47.8
Portfolio investment	19.4	7.9	9.9
Total overseas investment	118.1	98.0	103.3
Country of Origin			
United Kingdom	63.5	58.2	60.9
United States	43.8	24.8	27.3
Others	10.8	15.0	15.1
Total	118.1	98.0	103.3

is credited to other overseas countries, about one-third of it to New Zealand. In the past, the policy of many United Kingdom companies has been to open branches, whereas American investment has involved more wholly or partially-owned subsidiary Australian firms.

A recent Department of Trade publication lists some 800 American firms with industrial connections here; 183 have subsidiary or affiliated Australian organizations. The rest are associated less intimately with Australian enterprises through royalty or licensing arrangements involving little or no capital or investment. Something over 400 United Kingdom firms are thought to have established branch manufacturing facilities in Australia, with substantial British control or ownership.

No precise analysis of the direction of foreign investment is possible, but United Kingdom organizations in Australia seem to predominate in the electrical engineering and electronic fields and in the supply of materials and production of foodstuffs and consumer durable goods, especially cars. They play a relatively smaller role in the production of clothing and pharmaceutical products. Machinery and equipment, motor vehicles, oil-refining, toilet goods and cosmetics, and other consumer goods are the most important fields for American subsidiaries, followed by electrical goods, chemicals, processed food, clothing, minerals and packing materials.

Oil Receiving Attention

Resource development, and especially the search for oil, is receiving increased overseas attention. Oil discovery in Australia is important in the context of balance-of-payments problems because over A£70 million is spent annually on importing petroleum for the country's seven refineries. Local sources for oil would thus release substantial foreign exchange for other uses. In consequence, the Government has increased its oil-search subsidy to over A£1 million from half this figure last year and a quarter of it in 1957/58. Over 30 applications for subsidized seismic surveys and stratographic drilling operations have been granted. Official mapping and geological surveys are being undertaken throughout Australia, but especially in Queensland and Western Australia.

A recent report by the Manufacturing Industries Advisory Council, designed to advise the Government on overseas investment in this country, stressed the need for export franchises to be granted Australian firms as part of their working agreements with associated overseas connections. It also accented the need for new outside capital for future expansion and the benefits of Australian access to overseas research experience, management skills and technical knowledge. Capital inflow over ten years was estimated to be 8 per cent of total private and public investment in Australia. Income payable on direct overseas investment in 1958/59 was given as 10 per cent of export income that year and actual payments at 5.4 per cent because of profits reinvested in Australia. Overseas control and participation by Australians in equity capital of large subsidiary operations of overseas investors are subjects of increasing public concern. ●

Foreign Trade

AUSTRALIA'S progress in achieving a more favourable import policy, and especially liberalization of dollar imports from 1958 onwards, has been based on the steady improvement in its own balance-of-payments situation, coupled with the strong over-all dollar position of the sterling area. The marked rise in Australia's export income from December 1958 on, and especially the high levels recorded for the six months October 1959 to April of this year, accompanied by the accelerated flow of investment funds from overseas, provided exchange resources sufficient to finance an enlarged import program without affecting the reserves seriously.

The over-all import target of A£800 million a year to which import licensing was geared in 1957 and 1958 was increased progressively in 1959 and finally abandoned in early 1960. Only about 10 per cent of Australia's imports remain under control from all sources. The items affected are mainly those of which Japan is an important supplier, with the result that quota licensing still applies to Canadian exports of such products as canned fish, dolls and toys, textiles and wearing apparel. Primary aluminum, plywood and ball bearings are under administrative control and motor vehicles are not being licensed from the dollar area until October of this year.

The latest Reserve Bank returns show gold and foreign exchange balances abroad at A£436.2 million. This is about the same as in mid-November 1959 and 15 per cent higher than at the end of June 1959. But in recent weeks the bank's holdings have fallen faster than during the corresponding period in 1959, mainly because of the freer import policy.

May and June 1960, moreover, brought the largest monthly adverse commodity balances since August 1959 as a result of high imports (over A£90 million in both months) and a dip in exports. The impact of major relaxations in February will not be reflected in import returns until August or September, and because of appreciable declines in exports during the April-June quarter, future figures covering both are awaited with interest. It will be some months before the normal import level can be measured but—assuming capital inflow at recent

AUSTRALIA'S FOREIGN TRADE WITH SELECTED COUNTRIES

(ten months ended April 30 in A£'000,000)

	Exports		Imports	
	1959	1960	1959	1960
United Kingdom	213.4	202.9	258.8	267.9
New Zealand	41.2	44.2	10.3	13.0
Canada	14.2	11.8	18.9	23.2
Malaya	11.4	10.4	9.2	14.2
Singapore	8.1	9.2	1.2	1.3
Hong Kong	9.9	7.6	3.3	4.1
India	8.9	13.9	17.6	15.6
South Africa	4.9	6.6	4.5	5.9
Pakistan	1.4	4.1	1.9	2.9
Ceylon	4.8	6.4	8.7	9.4
Borneo (Br.)	.9	1.2	10.4	12.5
All Commonwealth countries	354.7	354.0	366.9	394.0
Japan	83.3	110.6	24.3	32.2
United States	46.2	65.6	90.8	118.6
France	36.7	53.4	9.9	10.8
Italy	26.6	40.7	8.4	10.1
Germany	20.6	33.0	35.6	42.9
Belgium-Luxembourg	18.3	20.9	5.5	6.2
Communist China	11.7	13.1	3.1	3.6
Poland	9.4	9.3	.2	.2
U.S.S.R.	0.05	11.8	.3	.5
Iraq	1.2	6.5		
Philippines	3.4	4.2		
Czechoslovakia	4.3	6.6	1.9	2.0
Indonesia	1.3	2.8	25.6	24.9
All foreign countries	309.2	433.3	297.0	352.3
Total all countries	663.9	787.4	663.8	746.3

rates and no appreciable reduction in wool prices and with exports at the same level as 1959-60 (A£940 million)—imports worth A£1,000 million are forecast. Exports during the fiscal year 1959-60 earned A£941.7 million, or A£130.2 million more than in 1958-59. Imports during the same period totalled A£928.4 million—A£131.8 million more than in the previous year.

Trade with Selected Countries

Appreciable changes in the direction of Australia's export trade and sources of imports occurred during the past year, as the accompanying table shows.

As a source of imports for the latest ten-month period, Canada ranked sixth but as a market for Australian goods eleventh, with the U.S.S.R., with whom trade in wool predominates as it does with most of the larger industrialized export markets mentioned above. Exports to and from Canada, however, accounted for less than 3 per cent of total Australian overseas trade for the period.

Promoting Exports

Late in 1958, the Government formed a high-level Export Development Council to advise it on aspects of Australia's export problems. Composed of outstanding business executives from industry and commerce, the Council has become an important factor in making the country export-minded and supporting the Government's efforts in expanding markets and diversifying the character and direction of exports. The target for increased export earnings is A£250 million over the next five years.

In no previous year has so much been done to foster growth of Australia's foreign trade. The budget for overseas publicity in the United Kingdom market is to be increased by A£60,000 to A£456,000 in 1960/61; a large-scale, three-day National Export Convention, attended by 200 leading industrialists and exporters, took place in Canberra in May; expansion of the Australian Trade Commissioner Service continues at an accelerated rate and more Trade Missions are planned. The Department of Trade has begun publication in Europe of a French-language prestige magazine. This is to be followed by a similar German-language publication. Export Development Council recommendations doubtless influenced these and other projects not yet announced.

Trade Missions Sponsored

The recent successful Australian Trade Mission to Canada is to be followed by a five-man mission to South America in a few months' time, and it has just been announced that a 38-man delegation will visit seven South East Asian ports by ship early in 1961. A special Australian Trade Mission ship visited Far East ports in 1958 and a large mission visited the United States and Canada in 1959. As a follow-up to its mission to Canada, Australia will again participate on a substantial scale in the Canadian National Exhibition in Toronto in August. In September Australia will undertake an ambitious trade-promotion program in Europe, where a conference of European businessmen on the investment and trading potential of Australia will take place, in conjunction with the Lausanne Fair at which this country will be guest nation.

Expanded export markets are crucial to future Australian development, and especially a greater diversification in the character and direction of its export trade. At present it is too vulnerable to overseas conditions affecting primary and especially agricultural products—notably wool, which normally earns 40-45 per cent of the export income. Moreover, the degree of Australia's economic interdependence with other countries in terms of trade relative to national income is very high and the traditional balance between export income and import needs is too small for unrestricted future development unless an expanded external market with longer-term stability is created.

Australia's future export position will be affected appreciably by the rate and degree of development in South East Asia and the Far East, and while other export markets are also being cultivated aggressively, the emphasis on these adjacent and nearer areas is more pronounced. Australia's overseas trade in manufactured and semi-manufactured products has increased from A£62 million in 1954/55 to about A£100 million. Metals and metal manufactures, vehicles and parts, refined petroleum products, chemicals and pharmaceutical products, rubber products and leather products are currently exported in volume, especially to neighbouring countries.

The most serious current problem and one that may frustrate the development of exports of manufactured goods so badly needed is the noticeable trend towards a higher-cost economy. Nevertheless, as Australian secondary industry becomes more efficient, the aggressive measures under way will doubtless improve the export picture. None the less, exports of primary products will continue for some time to condition Australia's ability to improve and increase its industrial potential and to pay the rising import bill needed to sustain it. ●

Trade with Canada

CANADIAN interest in the Australian market has been stimulated by important developments during the past year that favoured most overseas countries. Australia's marked relaxation of import control and currency liberalization measures from August 1959 on, followed by the almost complete disappearance of restrictions in February of this year, have reopened this market to Canadian products on a competitive basis to an extent unknown for years. With this relaxation and the negotiation of the new Canada-Australia Trade Agreement last year and its recent ratification, Canadian firms have revived old trade connections or are making new ones.

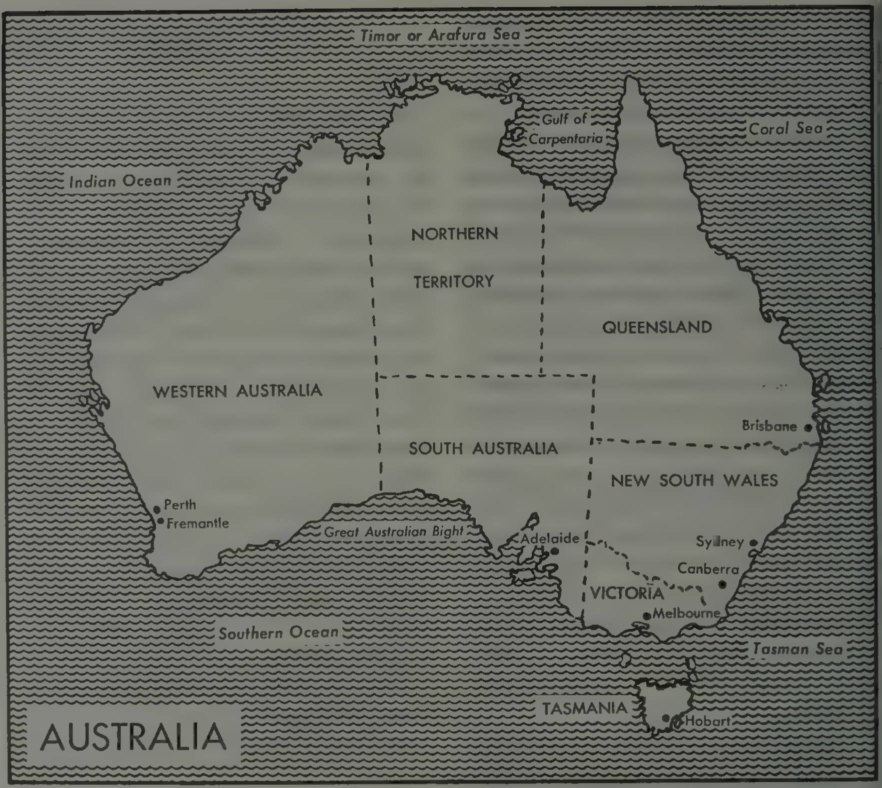
Only a few commodities of interest to Canada remain under import control but the licensing bases for most of them are generous. Sales by Canadian firms of these restricted products will be determined mainly by price and other advantages against those offered by competing overseas suppliers. Otherwise a prosperous and expanding market is wide open.

Australia's industrial progress in the past seven years has been phenomenal and the outlook for certain Canadian products, especially consumer goods formerly sold here, is discouraging. For example, electrical and household appliances, garments, hosiery, textiles, tools and food products, for which Australia was once a market, are now manufactured locally and put on sale at prices with which overseas manufacturers cannot hope to compete. In fact, this country is well on the

The Melbourne Herald *comes from the presses via an escalator into the publishing room, from which it will be distributed. Like many other Australian newspapers, it is printed on newsprint that Canada supplies. In fact, newsprint has for years ranked high among our sales to Australia; in the first quarter of this year, it topped the export list, with shipments worth nearly $2½ million, a 30 per cent rise over the first quarter of 1959.*

Markets in Brief

AUSTRALIA



Area: 2,971,081 square miles.

Population: 10,061,222.

Climate: varies widely, from tropical to temperate.

Language: English.

Currency: Australian pound; one pound equals Can.$2.2021.

Weights and measures: British.

Capital: Canberra, altitude 1,906 feet.

Chief ports: Melbourne, Sydney, Brisbane, Hobart, Adelaide, Fremantle.

Chief importing centres: Sydney (population) 2,054,800; Melbourne 1,777,700; Brisbane 567,000; Adelaide 562,500; Perth 389,000; Hobart 109,200.

Economy: mainly based on primary production, with a rapidly growing secondary industry which employs about 30 per cent of the total labour force and produces one-third of the national income. Wool, meat, fruits, wheat and base metals are the main primary products.

Total Australian imports: 1958-59—Can.$1.75 billion; 1957-58—Can.$1.74 billion (f.o.b.). Imports per capita approximately Can.$174.

Chief imports: 1958-59 (in per cent)—crude petroleum 8.5; motor vehicles and parts 8.3; piecegoods, cotton and linen 4.9; electrical machinery and appliances 4.5; motive power machinery 4.34; drugs and chemicals 4.3; paper (printing) 2.13; rubber and manufactures 2.1.

Chief suppliers: 1958-59 (in per cent)—United Kingdom 38.6, United States 13.6, West Germany 5.4, Indonesia 4.0, Japan 3.8, Canada 2.9.

Value of imports from Canada: 12 months 1959—Can. $54,194,116; 1958—Can.$52,755,331.

Chief imports from Canada: (in per cent)—newsprint 24; primary aluminum 12.7; Douglas fir planks, boards 11; automobile parts 10.6; asbestos milled fibres 6.2; automobiles 5.8.

Total Australian exports: 1958-59—Can.$1.78 billion (f.o.b.); 1957-58—Can.$1.8 billion; 1956-57—Can.$2.2 billion.

Chief exports: 1958-59 (in per cent)—wool 37, meats 12, ores and metals 8, wheat 4.7, cane sugar 4, butter 3.1, hides and skins 2.9.

Chief markets: 1958-59 (in per cent)—United Kingdom 31.7, Japan 12.7, United States 7.5, New Zealand 6.1, France 5.7, Italy 4, West Germany 3.6, Canada 2.0.

Value of Canadian purchases: 1959—Can.$41,230,700; 1958—Can.$32,920,121.

Chief Canadian purchases: 1959 (in per cent)—raw sugar 34, raisins 18, washed or scoured wool 7.5, corned beef 6.4, fresh mutton or lamb 6.4, fresh beef and veal 5.

Dollar exchange: freely available.

Prices: quote in U.S. or Canadian dollars, preferably c.i.f.

Samples: non-commercial value, free entry. Commercial value, deposit refunded on re-export.

Trade agreements: Canada-Australia Trade Agreement ratified June 30, 1960.

Import controls, documentation, customs tariffs, marking and labelling: no dollar discrimination after October 1, 1960, but import controls are maintained on about 50 products. For further information consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: no Canadian banks maintain branches in Australia, but all Australian banks are correspondents. Canadian and Australian banking systems are similar.

Correspondence: use airmail for all correspondence; surface mail takes up to eight weeks to arrive. Airmail costs 25 cents each half-ounce.

For detailed information on this market write to:

Commonwealth Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor for Canada
P.O. Box 3952 G.P.O.
Sydney, Australia

Commercial Counsellor for Canada
83 William Street
Melbourne, Australia

Commercial Secretary
Office of the High Commissioner for Canada
State Circle
Canberra, Australia

TABLE I—PRINCIPAL CANADIAN EXPORTS TO AUSTRALIA

	1958 ($'000)	1959 ($'000)	% Increase or decrease
Newsprint	9,300	13,021	+ 40
Automobiles and parts	7,485	9,617	+ 28
Aluminum	7,126	6,940	— 3
Lumber	8,338	6,422	— 23
Asbestos	3,562	3,477	— 2
Drugs and chemicals	2,038	2,390	+ 17
Iron and steel	1,719	1,904	+ 11
Wood pulp	1,192	1,733	+ 45
Fish products	819	840	+ 3
Office machines	1,454	811	— 44
Agricultural machines and parts	972	667	— 31
Wheat	2,488		—100
Other products	6,262	6,372	+ 2
Total exports	52,755	54,194	+ 3

road to becoming a volume exporter of products that even a few years ago were beyond its industrial competence.

The best future opportunities for Canadian exporters lie in the supply to Australia of traditional goods which have bulked large in our trade even under import control, or of essential raw materials, capital and highly technical goods, and semi-manufactured products for further processing which are competitive with overseas or Australian sources. In addition, some consumer products unique in design or value, normally competitive outside Canada, and enjoying the benefit of Australia's lower preferential rates of duty may find a ready market there with the assistance of good agents or distributors.

Canadian-Australian Trade*

The gradual relaxation of Australian import controls boosted Canadian exports to this market last year. It is not possible to measure the direct effect of this independent of other factors, such as competition and supply, which undoubtedly influenced the position of individual commodities. Moreover, for most of 1959 the large traditional items were under varying degrees and types of import control and changes one way or the other doubtless reflected, in part, official Australian opinion on the relative need for these imports. The net increase over 1958, however (disregarding the abnormal wheat shipments of that year) was almost $4 million or nearly 8 per cent, the biggest rise for some years.

Changes in our exports of major traditional items are given in Table I.

TABLE II—PRINCIPAL CANADIAN EXPORTS TO AUSTRALIA

	Jan.-March 1959	Jan.-March 1960	% Increase or decrease
	($'000)		
Automobiles and parts	1,748	4,316	+148
Aluminum	1,752	3,171	+ 81
Newsprint	2,430	3,149	+ 30
Lumber	1,735	2,001	+ 15
Wood pulp	523	914	+ 75
Asbestos	482	718	+ 49
Iron and steel	324	709	+118
Agricultural machines and parts	217	342	+ 58
Fish products	81	242	+198
Office machines	298	141	— 53
Drugs and chemicals	461	134	— 71
All other products	1,081	3,198	+196
*Total exports	11,132	19,010	+ 89

*Figures for May 1960 include 147 items, the largest number during one month for many years.

TABLE III—SOME APPARENTLY NEW OR RENEWED EXPORTS TO AUSTRALIA

Product	Jan.-March 1959	Jan.-March 1960
Chain saws and parts	$121,563	$201,204
Metalworking machinery	158	166,676
Marine engines and parts	1,845	164,831
Nickel oxide		161,491
Synthetic woven thread and yarn	79,604	138,307
Scientific apparatus	82,806	116,403
Plastic films and sheet		80,615
Sausage casings	21,505	79,846
Synthetic woven fabrics		61,461
Tobacco		60,032
Electrical apparatus		52,707
Aircraft engines and parts	14,626	50,698
Furs, undressed		26,171
Acids, n.o.p.		26,132
Rubber products		24,515
Manufactures of non-ferrous metals	8,093	24,249
Bookprinting and litho paper		21,140
Newspapers and magazines		18,150
Whisky	479	15,231
Oilcloth		13,325
Selenium and salts		11,285
Electric meters	1,931	10,702
Cotton manufactures		9,206
Electric motors and parts		6,842
Wallpaper		6,152
Clocks and watches and parts		4,372

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*Canada's exports to Australia before World War II averaged $32 million a year; the best postwar year was 1955, $58.4 million.

TABLE IV—PRINCIPAL CANADIAN IMPORTS FROM AUSTRALIA

	1958	1959
	($'000)	
Raw sugar	11,179	14,004
Raisins	7,416	6,687
Wool	3,438	3,388
Corned beef	2,652	2,301
Coconut oil	2,155	1,415
Fresh mutton and lamb	960	2,651
Fresh beef and veal	181	2,066
Dried currants	894	874
Sausage casings	706	700
Wine	587	581
Canned fruits	806	1,175
Other products	1,947	5,389
Total imports	32,921	41,231

The marked increases in 1959 for newsprint, wood pulp, automobiles and parts, drugs and chemicals and iron and steel were offset by substantial declines in our sales of lumber, aluminum, office machines and agricultural machines and parts. Similarly, for lesser items included in the figures for "other products", improved trade in many was counterbalanced by substantial decreases from 1958 in other minor items.

Sales Are Rising

Canadian export returns for the first quarter of 1960 provide encouraging though short-term evidence of the effects of the progressively liberal import measures adopted by Australia in late 1959.

In the three years 1957-1959, Canadian exports to Australia during the first three months of each year averaged $11.25 million. During the January-May 1960 period, they totalled over $33.7 million ($19.1 million in 1959) an increase of 77 per cent. Exports to Australia during the last half of 1959 averaged $15.5 million per quarter. Even if this growth is only partially sustained, it is clear that Canadian exports in 1960 will exceed the 1959 figure of $54.2 million.

Comparative figures for the major traditional exports in the first three months of 1959 and 1960 are given in Table II.

In such a short period, allowance must be made for inventory-building shipments of major items arranged from August 1959 onwards but not recorded until the January-March 1960 returns. On the other hand, the full effect of the more extensive February 1960 relaxations, as well as previous ones, will not be measurable until the third and fourth quarters of this year.

The most significant increase is for "all other products", because the January-March 1960 figure includes many not recently exported to Australia from Canada. The spectrum of Canadian products broadened from 92 items during January-March 1959 to 160 during the first quarter of 1960. This trend will continue, but probably not as spectacularly. Some of the Canadian products introduced to Australia are set out in Table III.

Trade in the products listed in Table III will not necessarily be permanent and the quarterly rate in any single case cannot be projected with confidence even for the rest of 1960. Australian import trade is undergoing adjustment both in sources and types of products after years of tight import control and it will be some time before the longer-term results of competitive selling against Australian and other foreign sources can be assessed. None the less, successful re-entry into the Australian market of an interesting variety and number of Canadian products is already apparent. New trade in other products will be recorded in later figures and some of the above items will increase.

Australian Exports to Canada

Canadian imports from Australia in 1959 expanded by about 25 per cent over 1958, because of larger shipments of sugar, fresh meats, dried and canned fruits and substantial diversification and growth in the items included in "other products".

Future Outlook

THE key to Australia's future growth and ability to import is the level of exports, plus the bolstering effect investment funds from overseas will continue to have on the exchange resources. One unofficial forecast recently indicated that the annual increase in national income may be limited to 2.5 to 3.5 per cent, the rate at which import expenditure can reasonably be increased in terms of export income unless major discoveries of oil (Australia's largest single import) can release exchange for the necessary substantial imports of capital goods.

Failing eventual improvement in export income combined with a sustained inflow of capital, a solution to Australia's balance-of-payments difficulties will involve either a drastically reduced rate of internal development or the reimposition of import control. In such circumstances the latter is more likely.

Australia's customs tariff has assumed greater importance since the relaxation of import controls, as many manufacturing interests formerly protected from overseas competition by restrictions on imports have applied for a greater measure of tariff protection. In consequence, Tariff Board hearings and reports to the Government have been accelerated. The Government's policy is to encourage outside competition as an anti-inflation measure and to increase tariff protection only where the Tariff Board recommends this on the basis of proven need. Some increases have been made recently following such recommendations.

Notwithstanding these difficulties, the longer term outlook for expansion in industry and agriculture is promising. Employment continues at a high level, the country enjoys political, economic and industrial stability, and the high rate of immigration and growth in population is continuing. On balance, Australia is likely to be a growing and more important market for Canada. ●

New Zealand:
an improving market

Larger sales of traditional exports have made possible relaxation of controls on dollar imports and have improved outlook for Canadian suppliers, particularly of semi-manufactured goods and of equipment and raw materials for country's growing industry.

J. H. STONE,
Commercial Counsellor, Wellington.

BUSINESS is good in New Zealand. The country has recovered from the recession of 1958-59, when lower prices for her main exports caused an internal slump and brought about intensified import control, and the prospects for the next twelve months are bright. Canadian manufacturers can share in this recovery; indeed, exports to New Zealand have been buoyant this year and further gains are expected.

The economic health of New Zealand has depended and continues to depend on the fortunes of the products of its grasslands: wool, meat and dairy products. Almost 95 per cent of export income comes from the sale abroad of agricultural products and a small decline in their price or a shrinking of traditional markets directly affects business activity within New Zealand. A fall in export income does not affect only the New Zealand farmer and packer. Because the country can no longer afford to import the approximate 45 per cent of all goods used domestically, it also hits commerce and even industry, which cannot always get the machinery and raw materials needed to carry out plans for the regular expansion required to keep pace with a growing population.

The recovery of New Zealand's export markets during 1959 has therefore meant a buoyant domestic business climate, which has been given further impetus by modest reductions in taxation, government encouragement to industrial development, and an increase in the legal minimum wage rate. Retail trade figures for the first quarter of 1960 set a new record for this season at £123.5 million, about 15 per cent higher than in the same period of 1959. The number of unemployed, declining steadily since last July, reached a two-year low in April 1960 when there were only 644 "disengaged persons" in the whole country.

Import Controls Relaxed

For Canadian exporters, the most significant result of this recovery has been the almost complete elimination of discrimination against imports from the dollar area; only motor vehicles and parts still remain subject to separate licensing when they come from dollar countries. Over-all import control is still in force, however, with the 1960 import schedule providing for a modest increase in total imports to some £240 million, compared with actual imports of £231 million in 1959. Imports in 1960 will be, at best, well below the £285 million total of 1958. A large proportion of consumer goods are still either prohibited or are on small token import quotas that in practice favour suppliers who were in this market in 1956 and 1957.

Canadian trade with New Zealand has been badly hit in the last few years, as Table I shows:

TABLE I

Canada's Trade with New Zealand

	Exports	**Imports**
	(in millions of dollars)	
1955	22.3	7.3
1956	18.0	12.3
1957	17.0	11.8
1958	15.1	11.6
1959	13.4	8.6

Source: DBS *Trade of Canada.*

The steady decline in exports is attributed to the high prices of products from Canada, the emergence of neighbouring Australia as an industrial nation and, since 1957, rigid import controls which have affected suppliers in all countries. What the table does not show, however, is the steady recovery in our

TABLE II CANADIAN EXPORTS TO NEW ZEALAND
selected months
(in thousands of dollars)

1958—November	$ 879	1959—November	$1,638
December	648	December	1,579
1959—January	467	1960—January	1,512
February	724	February	752
March	1,088	March	1,309
April	713	April	1,332
Six-month total:	$4,519	Six-month total:	$8,124

Source: DBS preliminary figures.

trade since import control, and especially dollar discrimination, began to be relaxed substantially during 1959. In the six months ended April 1960, Canada exported goods worth over $8 million to New Zealand compared with $4.5 million during the same period a year before.

This recovery in our trade is too recent to permit the drawing of valid conclusions about individual commodities from available statistics. It is apparent, however, that the increase is spread over a wide range of commodities, mainly semi-manufactured goods and equipment and materials for New Zealand factories. There is little indication and small prospect of the development of a significant new market for Canadian consumer goods, with the exception of a few products such as towels, sporting firearms, and others which offer designs different from those available in recent years. The volume of trade in these products is likely to be small, because import quotas for them are largely at a token level.

As New Zealand manufacturing industries mature, this market seems likely to diminish even further as an outlet for imported consumer goods. This trend, at first glance unfavourable to foreign trade, may in the long run work to Canada's advantage because consumer goods previously imported from other countries may be made here, using Canadian materials, components and machinery. At the moment, there is a strong demand for steel plate, wire and rod, textiles, chemicals, and industrial electrical equipment and components. In many cases the inability of traditional suppliers to quote reasonable delivery dates means opportunities for Canadian exporters. In addition, the limited choice of designs and patterns imposed by a period of enforced low imports has created a demand for goods that are different. Canada is a logical source of North American products because of the advantage we enjoy in customs duties under the British preferential system and the Canada-New Zealand Trade Agreement of 1932.

Canadian-made sausage casings are widely used by New Zealand's meat-packing industry, as this photograph, which was taken in an Auckland plant, demonstrates.

The past two years have seen great growth in the range of New Zealand light manufacturing and preliminary steps are being taken to develop basic industries. Under investigation are primary aluminum and iron smelting operations; a steel merchant bar mill and an aluminum fabricating plant are under construction, and an oil refinery will be in operation within the next few years. A second newsprint machine and the manufacture of wallpaper, (among other projects in the pulp and paper field) are definitely scheduled and add up to a $100-million investment. In all, development projects of manufacturers announced during the last 30 months will call for investment of some $200 million and involve over 240 individual plans.

To encourage this growth and thus reduce the country's dependence on a few export commodities and to lower the cost of imports by bringing in materials rather than finished goods, the Government has announced that it will assist manufacturers by building and renting factory space and by increasing tariff protection.

Tariff to Be Revised

The Government plans to partially introduce a new tariff this year and to complete a fundamental revision of the whole tariff during 1961. There have been no indications of how this may affect Canadian commodities, other than the initial announcement by the Minister of Finance that New Zealand manufacturers may expect increased tariff protection and the known general aim of reducing the cost to industry of imported materials and components.

The outlook for Canadian exports during the remainder of this year and for 1961 is good, barring unfavourable developments in New-Zealand's own overseas markets. The decline in our exports has already been reversed, interest in Canada as a supplier is rising and, in general, importers and manufacturers look forward to a period of greater demand and fewer restrictions on trade. Canadian suppliers can capture an increasing share of this market by close attention to price and delivery, by establishing good new agency connections or improving present ones, and by bearing in mind that a competitive market such as this responds well to personal visits. The Foreign Trade Service in Ottawa and the Trade Commissioner in Wellington can assist in the preliminary planning, help to arrange itineraries, and provide introductions to businessmen and government officials within New Zealand. A trip at this time to this numerically small but high-income market may well pay dividends. ●

Fiji Offers Sales Opportunities

Canadian exporters already doing business with the West Indies might well find similar opportunities in Fiji. Economic development, proceeding apace, is brightening trading prospects there.

W. J. COLLETT, *Assistant Commercial Secretary, Wellington.*

FIJI faces many problems, social and economic, in its progress towards greater self-sufficiency. Population is increasing rapidly. Merchandise trade is in chronic deficit and racial differences are hindering full exploitation of resources. To find solutions to these problems, a commission headed by Sir Alan Burns was established in 1959 by the British Colonial Office. Its report, published in March, made about 120 recommendations involving potential expenditure in excess of £14 million and partial reorganization of the administrative and landholding bodies. Though not wholly acceptable to all residents of Fiji with their differing secular interests and racial backgrounds, the report has sparked much discussion and some action.

Agriculture Gets a Boost

A few weeks ago the Fiji Government decided to accept a number of the commission's proposals and granted additional tax relief on expenditures for new plantings of coconuts. This, plus a campaign against coconut pests and diseases, will benefit Fiji's second strongest earner of foreign exchange (after sugarcane). Funds are also allocated for research on rice seed and culture, trial blocks of Robusta coffee, a pilot scheme for growing tea from Malayan seed, and for maturing the cocoa industry from its embryonic stage. In addition the United Nations Technical Assistance authorities have been asked for the services of an expert to help develop the coffee industry.

All this spells much activity ahead in developing a diversified agricultural output. Rice is being emphasized currently as an alternative crop to sugarcane, and indeed with the Colonial Sugar Refinery's encouragement. Over £535,000 was spent on rice imports (8,092 tons) in 1959, mostly from Thailand. With a large part of the rapidly expanding population using rice as a staple in its diet, a concerted drive is being made to increase the local rice harvest.

Last year Fiji, a maritime country, spent more on imports of fish than meat—over £3 million, in fact. This has intensified demands for developing an organized Fijian fishing industry as well as support for cattle raising. A recent soil survey reveals more valuable land in Fiji than was formerly believed suitable for farming, though there is a problem of finding large enough areas of uniform land. Even so, many feel that crops such as potatoes, maize, peanuts, pulses and tobacco deserve more encouragement than they have had in the past.

Timber—Neglected Industry

Many officials also feel that Fiji's 1.17 million acres of forest could be exploited to benefit Fijian labour and reduce the approximately £300,000 spent annually on timber imports. They say that imported timber has established itself in Fiji because it is seasoned and graded and available in the sizes and quantities required. They claim, however, that "imported timber is no more—and in many cases far less—durable than the better local timbers." But economic forests will remain standing until more trunk and access roads are built to open them up. Government and private interests are being urged to do just that.

Last year's lumber imports came chiefly from Canada—valued at about £248,724—with Australia and the United States picking up the remainder of the business, worth about £20,000 and £19,000.

—Public Relations Office, Suva.

Fijians gather in the rice harvest. The Government is emphasizing rice-growing as an alternative to sugarcane, in an attempt to cut down the large bill for rice imports.

The International Airport at Nandi has been completed, with facilities for handling jets—a boon to Fiji's growing tourist trade. The Government has accorded some tax relief to hotel owners to encourage expansion and improvement of hotel facilities to accommodate the growing number of tourists.

The new wharf in Lautoka, despite labour troubles that have disturbed construction progress periodically, is due for completion this year. Further investigations into port and cargo-handling facilities are planned for Suva and other harbours.

Capital funds from Australia have recently established a new company, Fiji Industries Limited, to make cement from local raw materials. This plant, with Australian equipment, expects to begin operations in 1961.

Another step ahead has been the formation of the Fiji Development Company in accordance with plans proposed by the Colonial Development Corporation. One of the initial projects of the FDC is housing for low-wage earners. It merits noting that only 7 per cent of the population of 388,000 are wage-earners.

Foreign Trade

Fiji's traditional deficit on visible trade continued in 1959 at about the same level as the previous year's £3.6 million. However, this may be considered to reflect the expanding investment and trading programs designed to increase effective employment and raise living standards. Total trade of £30.1 million gave Customs a gross collection of £3.6 million to contribute to the Government's revenue of over £7 million. Unfortunately, over-all balance-of-payments figures are not available.

The United Kingdom, Australia, New Zealand, and Canada remain Fiji's principal trading partners, in that order, with Japan following close behind and overtaking the United States. Sugar valued at nearly £7 million tops the list of exports from the colony; coconut oil earned over £2 million, unrefined gold about £1 million, and low-grade manganese £338,000. Banana exports slumped in 1958, evidently because of poorer quality.

Both total exports and total imports were slightly lower in 1959 than in the preceding year, despite the relaxation of import controls with Open General Licensing.

FOREIGN TRADE OF FIJI

	Exports	
	1958	1959
	('000 Fiji pounds)	
United Kingdom	5,990	6,012
Canada	2,227	1,534
Australia	1,420	1,214
New Zealand	1,826	1,414
Japan	172	381
United States	306	251
Total, including all markets	14,045	13,251

	Imports	
	1958	1959
	('000 Fiji pounds)	
United Kingdom	5,967	4,471
Canada	426	437
Australia	4,665	4,762
New Zealand	1,229	1,273
Japan	496	919
United States	789	507
Total, including all suppliers	17,603	16,901

Source: *Statistical Digest,* Suva, Fiji.

FIJI'S TRADE WITH CANADA

	Exports	
	1958	1959
	('000 Can.$)	
Apples		2
Flour	26	38
Sardines	45	70
Salmon	54	50
Lumber	514	370
Plywood	15	13
Paper bags	25	20
Marine engines	69	65
Cars		22
Auto parts	6	1
Lamps, lanterns	20	19
Typewriters		1
Clocks, pens, pencils		5
Total, including all others	814	727

	Imports	
	1958	1959
	('000 Can.$)	
Unrefined sugar	5,204	4,762
Coconut oil	523	
Total, including all others	5,728	4,765

Source: DBS *Trade of Canada.*

Canada purchased chiefly unrefined sugar from Fiji last year, but less than in 1958, though the balance of trade was in Fiji's favour by almost 4 to 1. The table of Canadian exports on page 14 indicates, however, that a few consumer products—such as apples, automobiles, typewriters, pens and pencils—are re-entering the Fiji market. Canadian exports of wheat flour and sardines made significant gains in 1959. On the other hand, our sales of lumber, salmon and paper bags declined.

Fiji is indeed a price market, with United States and New Zealand lumber absorbing a growing share of it. Today, both Japanese and South African canned fish are occupying more room on the shelves, with the latter's labels advertising a "salmon-type pack".

Fiji is a small market though the population has increased 12 per cent since 1956 and is expected to reach 500,000 by 1968. Purchasing power is low, with the result that importers emphasize price rather than quality. Canadian exporters successful in the Jamaican market might well consider doing similar business with Fiji and other South Pacific islands. The Open General Licences open up broad sales possibilities. Although commercial power is still largely in the hands of Europeans, more trading opportunities develop each year with the increase in Fiji-born Indian and Chinese entrepreneurs. Fiji businessmen consider Canada a traditional trading partner and welcome new sources of supply at competitive prices. ●

How's Business in Northern Ireland?

Rising industrial output, good agricultural returns, brisk foreign trade marked 1959. Removal of nearly all restrictions on dollar goods has improved opportunities for Canadians.

W. R. VAN, *Trade Commissioner, Belfast.*

NORTHERN IRELAND during 1959 shared, through her association with Great Britain, her largest market, in the prosperity of the British Isles as a whole. The economic outlook for 1960 remains favourable.

Preliminary results of the 1958 Census of Production reveal that, compared with 1957, gross industrial production increased by about £21 million (almost 5 per cent) to £480 million. The Northern Ireland Government's Monthly Index gives the February 1960 figure for industrial production as 124 (base year 1954=100) compared with 125 in January 1960 and 117 for 1959. The textile group showed the largest percentage increase in relation to a year ago; figures for the food, drink and tobacco industries continue to rise.

Unemployment remains one of the major problems, though 1959 brought some improvement. Further industrial expansion is needed to absorb the increasing population and to reduce the present unemployment figure.

Agriculture Improves

Just as 1958 will be remembered in farming circles as the year of incessant rain, 1959 will be remembered as the year of continuous sunshine. Following this season of fine weather came an easy harvest and above-average crop yields. The outlook is good in nearly all sections of agriculture. The scheme for the eradication of bovine tuberculosis has made excellent progress. At the end of 1959 more than 80 per cent of the cattle in Northern Ireland were either fully attested or under supervision. The livestock population continues to increase; sheep passed the one-million mark for the first time and cattle and pigs were not far short of that figure.

Among the problems facing agriculture are first, the possible detrimental effect on existing marketing arrangements as tariff barriers are removed within the European Free Trade Area, and second, the difficulty of finding new outlets for the increased production of milk, eggs, and pork products. Northern Ireland now provides 25 per cent of Great Britain's egg supplies. On the whole, however, the agricultural picture for Northern Ireland during 1960 appears bright.

Industry Progresses

Apart from certain black spots, especially in the aircraft industry, most sectors of industry achieved satisfactory results during the year.

The demand for linen has improved; during 1959 increased shipments of piecegoods went to Canada, the United States, Hong Kong, Venezuela and Thailand. Efforts are being made to meet competition, especially from linen goods produced in Eastern Europe. This has resulted in the closing down of a few firms and the amalgamation of others; some have widened their field to include production of other textiles such as carpets. Ropes and twine, synthetic and woollen hosiery, woollen and worsted piecegoods are other branches of the textile industry that have continued to expand.

Shipbuilding is an important source of employment in Northern Ireland; launchings in the Belfast shipyard totalled 126,821 tons. With the recent launching of the 45,000-ton liner *Canberra* and the Royal Mail Line's *Arlanza,* the program of passenger-liner building was completed. A substantial volume of tanker and naval tonnage already in hand is expected to maintain high employment in the industry for the next twelve months. Competition for new tonnage is likely to prove keen.

As a means of providing employment and diversifying the economy, the Northern Ireland Government has been offering generous inducements to industry to settle in the area. Some concern is felt here over recent legislation passed in Britain to encourage new industry in the underdeveloped areas of both Scotland and Wales. It is felt that Northern Ireland's position may be prejudiced if industry can obtain equally good terms on the British mainland. Nevertheless, a number of new industrial projects have been started. These include plants for the production of ejector seats for high-speed aircraft, packaged pharmaceutical products, footwear, cameras and photographic equipment, chipboard, and textiles. Manufacturers of carpets, laces and children's outerwear, linen dress goods and a branded milk food expanded their plants.

Freight Services Expand

Northern Ireland, although it is separated from Great Britain by the North Channel and the Irish Sea, has the advantage of rapid and efficient freight services and transportation presents no problem. These freight services are continuing to expand. A new "container service" operated by two fast motorships between Belfast and Liverpool recently went into operation. The British Transport Commission has added a new ship, its third, to its services between Belfast and Heysham. Several of the companies operating between Larne and Preston have also augmented their services, the first regular sailings for attested cattle have now been introduced, and a once-weekly service is provided between Belfast and Glasgow. There are scheduled services between Belfast and Eastern Canadian ports.

External Trade Increases

Over-all trade values during the years 1955 to 1958 inclusive have made a steady advance. Figures for 1958 are the most recent available. Following is a statistical summary.

Year	Imports	Exports	Total
		(in millions of £)	
1955	295.0	266.6	561.7
1956	300.7	274.1	574.8
1957	318.4	297.9	616.3
1958	328.0	293.7	621.7

Trade with Canada

Apart from trade with Great Britain, of which Northern Ireland forms an integral part, Canada ranks third as a source of supply, following the Republic of Ireland and the United States. The following statistics issued by the Northern Ireland Ministry of Commerce show import values (c.i.f.) into Northern Ireland for the years 1957/1958 from principal supplying countries:

Country of Origin	1957	1958
	(in millions of £)	
Republic of Ireland	27.7	24.5
United States	12.0	15.2
Canada	9.4	11.2

Canada's chief exports at the moment consist of wheat and forest products. About 50 per cent of the annual imports of softwoods (estimated value £2½ million) are of Canadian origin. Of the 1.2 million tons of animal feedingstuffs landed at Belfast in 1959, more than a million came from overseas suppliers, chiefly Canada, Australia and the United States.

Opportunities for increased and diversified Canadian trade with Northern Ireland are good. With the removal of practically all the remaining restrictions on dollar imports, prospects seem favourable for the re-introduction of Canadian consumer goods in the market; canned foods are already being sold in increasing quantities. But competition from outside suppliers is becoming extremely keen. Moreover, it must be remembered that the population of Northern Ireland is only about 1.4 million, and that sales possibilities are consequently limited.

Trade with South Korea

The long-term outlook for Canada's export trade with the Republic of Korea appears good, despite the current problems of unsettled business conditions and Japanese competition.

Following the events of April and the subsequent resignation of former President Syngman Rhee, the tempo of South Korean purchases of foreign goods declined considerably. Uncertainty and a "wait and see" attitude have marked business under the temporary government, and sales of imported goods have suffered. Despite the general decline, however, imports from Japan have climbed sharply.

In a sharp reversal of policy, Japanese goods—which were formerly restricted and at times prohibited—have been allowed to enter South Korea in large quantities over the past few months. Korean importers, who must finance their purchases at interest rates of 5 to 6 per cent per month, are attracted by the short delivery times and competitive prices that the Japanese offer. Sales of Japanese capital equipment and consumer goods have shown the sharpest rise.

For Canada, the most promising opportunities seem to lie in commodities that Japan is not in a position to supply and in the long-term demand for raw materials. Korea is slowly developing its own processing facilities and this in turn should bring about an increased demand for raw materials and further opportunities for Canadian suppliers.

Commodity Notes

Cement

FIJI—The manufacture of cement in Fiji from local raw materials and its sale in Fiji and the South Pacific area is the aim of a new company, Fiji Industries Ltd., which has an issued capital of A£250,000. The ordinary shares are 10/-d. (F) each and these have been issued to the principal shareholders. The new company's authorized capital is A£500 million, divided into one million ordinary shares of 10/-d. each.

The Fijian Government has provided a plant and a 50-year lease for obtaining raw materials. Kiln, mills and plant will be brought to Fiji from Australia. It is expected that the cement works will begin producing in about a year—Wellington.

Chemicals

ITALY—It is reported that a contract has been signed between the Soviet Government and the Montecatini Company (one of Italy's biggest chemical industries), whereby the latter will build three large plants in Russia. One will produce maleic anhydride, another titanium dioxide, and the third acetylene, ethylene and gas—all raw materials for the manufacture of plastic materials, synthetic resins and artificial fibres. It is stated that the plants will begin operations in about 14 months. Italian technicians will direct construction and supervise operation of the equipment for the acetylene and ethylene plant—Rome.

Cocoa

BRAZIL—Brazil, the world's second largest cocoa producer after Ghana, produces an average of 177,000 tons a year. Exports in 1959 totalled 78,818 tons valued at Cr.$3.9 billion. The largest percentage—44.6 per cent—was shipped to the United States, followed by the Netherlands 12.4 per cent, West Germany 11.4 per cent, and Poland 9.8 per cent—Rio de Janeiro.

Footwear

EEC—In the six countries of the European Economic Community, production of leather shoes has risen 43 per cent and slippers by 10 per cent in the period 1950-58. The major increases were 63 per cent and 18 per cent in West Germany, 22 per cent and 3 per cent in France, 52 per cent and 48 per cent in Italy, 40 per cent and 16 per cent in Belgium-Luxembourg. France is the largest footwear producer in the EEC, with 38 per cent of total EEC output, West Germany 36.2 per cent, Italy 16.35 per cent, the Netherlands 7.6 per cent, and Belgium-Luxembourg 5.3 per cent. The Six send 73 per cent of their shoe exports to countries outside the Euromarket, 30 per cent of which go to the EFTA countries—The Hague.

Iron

NEW ZEALAND—The New Zealand Government will form a company to look into the possibility of smelting New Zealand iron sands which occur in quantity on the west coast of the North Island.

Because extensive investigations into the extent and quality of the iron sands will be necessary and smelting problems must be studied, the final report is not expected before two or three years. The Government will then decide whether or not a nationalized steel-producing company will be formed—Wellington.

Iron Ore

NORWAY—The mining company Titania A/S, a subsidiary of Titan Co. A/S, Fredrikstad, will start operating its new iron ore mines at Tellnes in the autumn. These mines contain titaniferous iron ore and the annual output is expected to total about one million tons of crude ore. By separation this will produce about 300,000 tons of ilmenite concentrate and 22,000 tons of magnetite concentrate, all of which will be exported. Investment in the new plant will total about Kr.75 million. Expansion is expected in due course to increase output to three million tons of crude iron ore a year. The mines are estimated to contain some 200 to 250 million tons of ore—Oslo.

Minerals

SOUTH AFRICA—South Africa exported $950 million of minerals in 1959, an increase of $30 million over 1958. Gold exports increased by $62 million, diamonds $20 million, copper $2.4 million and asbestos $6 million; prescribed materials (mostly uranium) declined $13.4 million. Chrome ore, lead concentrates and coal all dipped slightly. Exports of manganese ore declined by 30 per cent, mainly because the ore was processed into ferro-alloys before leaving the country. The Union accounts for 43 per cent of the continent of Africa's mineral production—Johannesburg.

Oil

SINGAPORE—The Shell Company will build the first oil refinery in Singapore at Pulau Bukom; it will have a capacity of 20,000 barrels a day. The company has been granted the benefits of pioneer industry legislation. At present the Shell Company operates an installation at Pulau Bukom for storing, blending and distributing crude oil—Singapore.

Plastic Moulding Powders

INDIA—East Anglia Plastics Ltd. of the United Kingdom, an affiliate of Monsanto Chemical Company, is collaborating in the establishment of India's first plant for the manufacture of cellulose acetate moulding powders and P.V.C. compounds. The new company, East Anglia Plastics (India) Limited, will be located near Calcutta and will have an annual capacity of 2.9 million pounds of moulding powders and P.V.C. compounds on a two-shift basis. Imports of cellulose acetate moulding powder in 1959 totalled 1.3 million pounds and of vinyl resins (including P.V.C. compounds) 4.2 million pounds. As consumption is rising rapidly, a considerable proportion of India's requirements will still have to be obtained abroad.

Other plastic constituents already made in India include phenol formaldehyde moulding powder, polystyrene moulding powder, and urea formaldehyde moulding powder—New Delhi.

Powdered Milk

VENEZUELA—Two United States firms and a Venezuelan company have announced the formation of a new company, Industrias Lacteas de Perija (ILAPECA), for making powdered milk and other dairy products. The new plant will be built at Machiques, near Maracaibo, and is due to go into operation next October—Caracas.

Pulp and Paper

NEW ZEALAND—Production of pulp and paper for the year ended March 31 has risen, mainly in paper other than newsprint and paperboard; newsprint output equalled that of the previous year. Pulp and paper exports now total just over £6 million a year.

The main increases in production for 1959-60 compared with 1958-59 were: paper other than newsprint 5,300 tons, paperboard 4,000 tons, and fibreboard 1,800 tons. Output of wood pulp for 1959-60 totalled 247,000 tons against 235,000 tons in the previous year. New Zealand used about 60 per cent of the chemical pulp—Wellington.

ISRAEL—Israel's first plant for producing pulp from agricultural waste was recently opened at the American-Israeli Paper Mills at Hadera, between Haifa and Tel-Aviv.

The expansion increases the mills' annual production capacity from 17,000 to 40,000 tons of various grades of paper, which will meet most of the country's requirements.

The new plant, which will buy about $2 million worth of straw and corn stalks annually from Israeli farmers, will supply about half the mills' cellulose needs. It is expected to save the Treasury about $4 million a year in foreign exchange—Athens.

Sulphur

TAIWAN—Government authorities in the Republic of China (Taiwan) are said to be considering the decontrol of imports of crude sulphur. Industrial demand for sulphur in Taiwan has grown to the point where local supplies can no longer fill the demand—Manila.

Tires

CHILE—Industria Nacional de Neumáticos (INSA), Santiago, Chile, a subsidiary of General Tire Company Inc. of the United States, recently began exporting tires to the Argentine. The company also expects to sell to the same market other products such as rubber transmission belting, conveyor belting and rubber hose—Santiago.

Trailers

JAMAICA—An agreement has been signed between Kelly's Engineering Works of Kingston and Freuhauf International Trailer Ltd. of New York to build trailers in Jamaica. Ultimately the firm, to be known as Freuhauf West Indies Trailer Ltd., will build the complete range of trailers now made by the U.S. company, including heavy equipment trailers, house trailers, and covered trailers. The vehicles will be exported to other islands in The West Indies Federation and to Latin America—Kingston.

Trucks

INDONESIA—Arrangements for the sale of 1,000 British Ford trucks and accessories to the Government of Indonesia have been made between Adams and Harvey Ltd., export shippers of London, and the Ford Motor Company. The contract, which was secured against German competition, is said to involve nearly £2 million. Payment of the credit will be spread over five years. Delivery of the trucks and accessories is expected to be completed in 1960—Djakarta.

What is the best way for Canadians to approach M.W.'s import department with offers of their products? Here is specific advice, gathered in interviews with this Chicago merchandising giant.

How to Sell Montgomery Ward

F. OSBALDESTON,
ice-Consul and Assistant
rade Commissioner, Chicago.

NOTHING typifies better the American genius for mass distribution than the mail-order catalogue business. This merchandising phenomenon is centered in Chicago.

The "Big Four" in the mail-order business—Montgomery Ward and Co., Sears Roebuck & Co., Spiegel Inc., and Aldens Inc.—all got their start in Chicago and still direct their vast merchandising empires from this city. Together they employ about 300,000 persons, including some 40,000 in the Chicago metropolitan area, and their sales total over $5½ billion.

Chicago's rise as the mail-order capital is attributed to several economic factors. These include the city's pre-eminence as a hub of transportation and distribution, its nearness to the center of U.S. population, its manufacturing facilities, and its dominance in the printing industry.

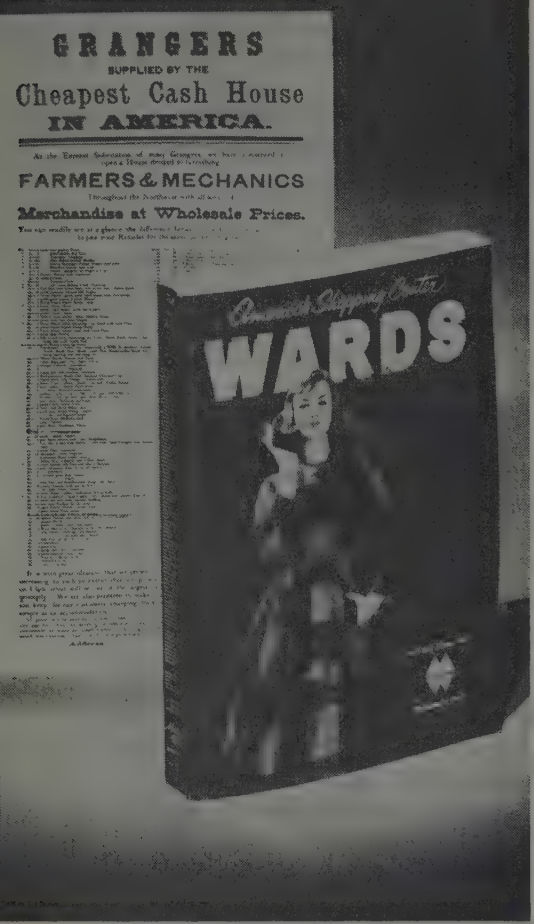
Officials of the Big Four point out that the use of the term "mail-order" is popular but not complete. Actually, all four operate retail stores in addition to their catalogue business. Ward's has always been known as a mail-order house but this is now something of a misnomer. Its retail and catalogue stores account for 88 per cent of the company's total sales and catalogue orders received by mail direct from customers account for 12 per cent. Total sales have been hovering near one billion dollars since 1948 and rose to $1.222 billion in 1959.

Today's version of the mail-order business bears slight resemblance to earlier days, when the rural population depended on it for store-bought clothes, tools, and other necessities of life. The famous catalogues are still issued, but in a different form.

Montgomery Ward & Co. started business in Chicago in 1872; it was founded by two partners with a capital of $2,400. Their initial catalogue was a single sheet, eight inches by twelve, giving a list of articles offered for sale and the prices. Sales were strictly for cash. By 1875, the catalogue had grown to 72 pages.

In catalogue number 45, issued in 1889, Ward's announced that 25,000 items were listed, that it was doing business in excess of one million dollars a year, and that it employed 250 to 400 clerks. Staffed today by some 60,000 employees, the Ward merchandising empire includes 11 mail-order plants and distribution centres, 254 retail stores, and 574 catalogue stores. The catalogue output consists of big semi-annual general books, seasonal sales supplements, and special publications offering sporting goods, cameras, farm equipment, and other lines. Ward's issues 45 million catalogues each year.

Today the mail-order shopper discovers everything from mink coats and diamond rings to dishwashers and power lawnmowers in the attractively designed, 1,000-page tomes that are aimed not only at rural folk but also at the higher income classes. One thing that has not changed is the popularity that mail-order enjoys. Mail-order firms did a record business of $4.9 billion in 1957—$1.2 billion or 33 per cent greater than ten years ago.



GRANGERS

SUPPLIED BY THE

Cheapest Cash House

IN AMERICA.

FARMERS & MECHANICS

Merchandise at Wholesale Prices.

2 Lotta Hoop Skirts	*$1.00*
12 new style Ruches, for the neck	*$1.00*
1 Call Bell, best Silver Plate, side strike, and 1 Butter Knife	*$1.00*
7 Grain Bags and 1 Pair Buck Gloves	*$3.00*
1 Silk Lined Case, containing one Extra Plated Knife, Spoon, Napkin Ring and Gold Tooth Pick	*$1.00*
6 Fine Combs, 6 Coarse Combs, 1 Hair Brush and 5 papers English Pins	*$1.00*
1 Hoop Skirt, 1 Bustle, 1 Hair Braid	*$1.00*
5 Boxes Paper Collars, 3 Neck Ties and 1 Collar Button	*$1.00*
5 Linen Shirt Fronts	*$1.00*
White Rose Blankets, each	*$1.50*

These were some of the items for "Farmers & Mechanics throughout the Northwest" that were listed on the single-sheet MW original catalogue issued in 1872. Today shoppers, rural and urban, leaf through 1,000 pages that offer everything from diamonds and fur coats to hairpins. But orders by mail now account for only 12 per cent of MW's total yearly sales of $1.2 billion.

At Montgomery Ward, responsibility for the selection, purchase and pricing of merchandise for both mail-order and retail-store distribution rests with the merchandising group. This group is headed by the general merchandise manager and his three divisional managers. It is Ward's policy to buy direct from leading manufacturers whose reputation for fine craftsmanship and quality merchandise is well established. Some merchandise is sold under the maker's label, although frequently these same companies manufacture merchandise to Ward's specifications and standards and the products bear the Ward label. Ward's owns and operates two factories—a large paint plant and a wire products plant—which make some Ward merchandise. It has buying offices in Chicago, New York, Oakland, and Los Angeles. The main buying office in Chicago handles the procurement of home furnishings, farm equipment, and hard lines. The New York office is responsible for buying wearing apparel and all soft lines, and those on the Pacific Coast buy a number of merchandise lines from Pacific Coast sources, primarily for distribution in that area.

The merchandising group is made up of a number of buying departments, each of which specializes in a type—or in several closely related types—of merchandise. Buying departments are headed by department managers who have a staff of buyers and their assistants.

Ward's has several hundred buyers, each of whom is a specialist in a group of closely related merchandise. One may be an expert on toboggans, another on sports clothing or hardware; several buyers with thorough knowledge in a related field like sporting goods are grouped in a merchandise department which is headed by a merchandise manager.

All of these buyers are regularly in touch with their store personnel, their managers, and district and regional managers. These buyers know what the public wants and what the competition has to offer. At the same time, sales representatives of United States firms visit their offices regularly. It follows that these buyers know from day to day which merchandise is most in demand and where they can buy it to best advantage.

Although the buyers know what the best merchandise is and where it can be bought to advantage, they cannot know exactly how much of a product must be purchased for the entire chain. This is where their regional management and their staffs, down to the store level, contribute their knowledge and experience. In addition, the mail-order house merchandisers provide the results of their sales experience from previously issued catalogues.

In short, the buyers select the merchandise and make it available to their retail and mail-order facilities so that those branches in turn can place their orders for specific quantities and delivery dates with the buyer in the Central Buying Office. Only then is a specific order placed.

Purchasing Foreign Products

This system also holds good for foreign merchandise. However, another member is added to the team, the import department, which operates abroad as the single buying agent for all buying offices. Through the import department the company co-ordinates all its foreign activities such as requests for samples and quotations, correspondence with established sources and agents, placement of orders, shipping instructions, payment for deliveries (usually done on letter of credit) and payment of ocean freight, import duties, and customs clearance.

Although these activities point to a buying function, it must be emphasized that it is the aim of the import program to promote the purchase of foreign goods. In other words, the import department also has a distinct selling function. In fact, it could be said that it act virtually as a sales manager for overseas sources. Import personnel have a thorough knowledge of the company's policies and practices. By constant exposure to domestic merchandise, they know the types of goods the branches need and in what price and quality ranges.

By regular visits overseas, import personnel keep abreast of foreign developments, currency situations, new merchandise, and new sources. By drawing on the expert knowledge of their buyers, they are in a position to inform overseas manufacturers of their merchandise requirements and of trends in new styles, designs, etc. Furthermore, after the groundwork has been laid, their buyers will travel and become personally acquainted with foreign markets.

To do all this effectively and in a properly organized manner, Montgomery Ward's import operation functions as a central co-ordinator, and as a buying agent for and selling agent to the buying offices. It is the foreign supplier's direct point of contact.

Selling to Ward's

All of the major mail-order houses carry imported merchandise in their catalogues. Generally speaking, foreign products are accepted or rejected on the same basis as domestic goods. The determinants are quality, price, design, delivery, and reliability of supply. At the present time, about 4 per cent of Ward's sales volume is represented by merchandise manufactured outside the United States. They buy a limited amount of merchandise from Canada—such as ice skates, skis, toboggans, boats, and some power tools.

In Montgomery Ward & Co., the import department is the point of initial contact for foreign firms wishing to offer their products. Usually a U.S. buyer will examine any product brought to his attention. Ward's is no exception. If the buyer did not operate on an open-door policy, he might miss an opportunity. It is the buyer's job to know as much as possible about the lines for which he carries responsibility.

A Canadian firm that wishes to approach the import department of Montgomery Ward & Co. should, however, take a number of steps first.

First of all, Montgomery Ward & Co. should not be approached with the intention of determining the saleability of a product or the competitive situation in the U.S. market. These factors should be determined, as far as possible, before visiting Ward's. The buyer expects the seller to make his sales pitch in a knowledgeable way. He is willing to listen, but he expects the salesman to be just that—a salesman, not a market research man.

There are a number of ways to prepare for a call on this firm. First of all, obtain a catalogue and determine whether the company carries a line similar to your own. In most cases, it does. Check the prices, construction, and points where your own product seems to differ. If this initial check seems favourable, then order merchandise of competing lines from Ward's. This will allow you to make a first-hand study of the competition you face and will help you develop the sales line with which to approach Ward's. Obviously, a Ward's buyer will not change his sources of supply without reason. Perhaps you can offer a lower price and equal quality, or the same price for higher quality, or better still, a lower price and higher quality. This is what the buyer wants to know and you should be prepared to tell him what you can offer.

You can obtain a catalogue by sending two dollars in U.S. currency (which will be credited on a first order of twenty dollars or more) to Montgomery Ward's Export Department, C227, Chicago 7, Illinois.

Calling on the Buyer

When you come to Chicago (or New York, for soft lines) you should allow sufficient time to visit the retail outlets of Ward's competitors. Examine the lines they carry and be prepared to compare your product with them. You are in competition with the products these stores carry as well as those that Ward's sells.

The U.S. buyer is interested in the cost of an article laid down in the city of destination, in U.S. funds and duty-paid. That is the price—not an f.o.b. factory price in a Canadian city that he has never heard of before and in Canadian dollars. The import department does work on an f.o.b. factory price when purchasing, but the buyer is the man who must first be sold. Manufacturers are requested to submit their propositions in writing and in duplicate.

Be prepared to discuss private labelling, quantity discounts, delivery time, factory capacity, and all the other factors that usually figure in a sale to a quantity purchaser. Ward's does not usually insist that it have an exclusive. It does find that some foreign firms with whom it works usually do not sell to other outlets in the U.S. because Ward's requirements frequently take up most of a foreign factory's exportable production. It prefers that a supplier have sufficient production so that an order does not mean that the producer becomes dependent on Ward's to keep his plants operating. Although Ward's merchandises about 100,000 different items, it stands to reason that it does not always sell enormous quantities of every single one.

Summary

This, then, is the situation. Ward's is one of the major merchandising organizations in the United States. It does issue catalogues—but of even greater importance, it has many retail outlets spread across the U.S. Not only does Ward's carry imported merchandise, but it has established an import department to handle foreign purchasing. This department welcomes offers from foreign manufacturers. ●

Canada's Trade with the Commonwealth

Sales of Canadian goods to Commonwealth countries this year are up 22 per cent over 1959 and our purchases from them up 31 per cent. Here is a thoughtful analysis of this heartening development and encouragement for potential exporters.

A. W. A. LANE, *Chief, Commonwealth Division.*

THE past year has witnessed continued expansion in Canadian trade with the Commonwealth and important developments in our commercial relations with other members of this community of nations. Since the middle of 1959, Canada's exports to Commonwealth countries have been running ahead of the 1958 figures by wide margins in some recent months. Imports from Commonwealth countries have been above previous years' levels since the second quarter of 1959. Total trade with the Commonwealth—both exports and imports—has increased at a more rapid rate in the first few months of 1960 than trade with non-Commonwealth countries.

Trade ties with our Commonwealth partners have been strengthened during 1959 and 1960 by the major steps that a number of these countries have taken towards dismantling their import restrictions on dollar goods. The coming into force of a new trade agreement with Australia on June 30, 1960, has provided a more satisfactory and up-to-date basis for an expansion and diversification of our trade with that country. Other recent developments in Commonwealth trade relations include the entry of the United Kingdom into the European Free Trade Association and the establishment of the new machinery for consultation and co-operation among Commonwealth countries agreed on at the Montreal Conference in September 1958.

Canada's sales in Commonwealth markets in the first five months of 1960 were 22.4 per cent above those in the corresponding period in 1959, compared with an increase of 11.5 per cent in our exports to non-Commonwealth countries. The rise in imports from Commonwealth countries in the first quarter of 1960 over the same period last year was 31 per cent, against a rise of 6.9 per cent from the non-Commonwealth countries.

There were notable increases in exports to the United Kingdom (up by $67.8 million or 33.9 per cent), Australia (up by $14.7 million or 77 per cent), Hong Kong (up by $5.6 million or 180.1 per cent), New Zealand (up by $3.3 million or 83.1 per cent), and the British West Indies—including the West Indies Federation, the Bahamas, British Guiana and British Honduras—(up $2.9 million or 16 per cent). The first five months of this year also showed a promising expansion in our shipments to smaller Commonwealth markets, such as

CANADIAN EXPORTS TO COMMONWEALTH COUNTRIES

	1958	1959	1st 5 mos. of 1959	1st 5 mos. of 1960
		(in millions of dollars)		
United Kingdom	775.9	788.6	283.1	350.9
Australia	52.8	54.2	19.1	33.8
India	79.1	53.8	17.1	12.9
Union of South Africa	50.0	51.4	26.3	24.8
West Indies Federation	35.8	40.1	15.3	16.5
Pakistan	15.4	17.4	6.6	3.0
New Zealand	15.1	13.4	4.0	7.2
Hong Kong	6.1	11.3	3.1	8.6
Ceylon	5.5	4.9	2.6	1.5
Bermuda	3.3	4.5	1.5	1.8
British Guiana	4.1	4.4	1.5	3.1
Ghana	1.3	3.8	1.4	1.3
Bahamas	2.6	3.2	1.2	1.5
Malaya and Singapore	3.2	3.3	1.5	1.7
Rhodesia and Nyasaland	3.9	2.9	1.3	1.8
Malta	1.5	2.2	0.6	0.8
Total above	1,055.6	1,059.4	386.2	471.2
Other Commonwealth	3.1	4.2	1.5	3.6
Total exports to Commonwealth	1,058.7	1,063.6	387.7	474.8
Total exports	4,825.4	5,060.9	1,840.2	2,093.6
Exports to Commonwealth as percentage of total exports	21.8	20.9	21.1	22.2

Rhodesia and Nyasaland, Nigeria, British East Africa, and Malaya and Singapore.

The principal products contributing to the increase in Canadian sales to the United Kingdom were nickel (up $13.2 million); lumber (up $9.1 million); primary aluminum (up $8.0 million); newsprint (up $6.6 million); copper ingots, bars and billets (up $6.1 million), and tobacco (up $4.0 million). In our exports to other Commonwealth countries, commodities with the largest increases included passenger automobiles (up $2.1 million to the Union of South Africa and $1.0 million to the West Indies), automobile parts (up $4.4 million to Australia), primary aluminum (up $1.4 million to Australia), and newsprint (up $2.2 million to Australia and $1.3 million to New Zealand).

The expansion in total Canadian sales to the Commonwealth has been accompanied by the diversification of our exports to a number of Commonwealth countries. For example, from the first quarter of 1959 to the same period of 1960 the number of items that we shipped to the United Kingdom rose from 327 to 449, the number exported to Australia increased from 92 to 160, and the number going to Rhodesia and Nyasaland from 66 to 90.

Offsetting the increases in exports to some extent were declines over the first five months of this year compared with the corresponding period of last year in our shipments to India ($4.2 million or 24.5 per cent), Pakistan ($3.6 million or 54.5 per cent), and Ceylon ($1.1 million or 42.3 per cent), largely as a result of the phasing of Colombo Plan shipments that make up a large proportion of our exports to these countries. Exports to the Union of South Africa also declined slightly, as smaller shipments of wheat and lumber more than offset larger sales of automobiles.

Import Restrictions Relaxed

In some fields where Canadian sales to Commonwealth countries have expanded—such as canned salmon, butter, textiles, automobiles, household appliances, and office equipment and machinery—the expansion of our exports was made possible by the important trade liberalization measures carried out over the past year or two by the sterling members of the Commonwealth. In the United Kingdom, Australia, The West Indies, Malaya and Singapore, Rhodesia and Nyasaland, Ghana and most of the colonial territories there are few items still under import control. In the other Commonwealth countries which have not made as rapid progress in dismantling their restrictions, discrimination against Canadian goods has been removed.

These liberalization measures have reopened traditional markets in the Commonwealth for a wide variety of Canadian products, especially manufactured goods, and many Canadian exporters have been active in reviving old trade connections. Some of our exporters who have not sold in Commonwealth markets in the past have also quickly taken advantage of the new trade opportunities—sometimes with surprising results. For example, we are selling ballpoint pens in Hong Kong, power lawnmowers in Malaya, and shoe machinery in the United Kingdom. These developments suggest that Canadian industry need not have an inferiority complex about its ability to compete in foreign countries. Whether or not exporters have previously sold in Commonwealth markets, they should take a close look at the possibilities for doing business and the special advantages that they enjoy in selling there.

CANADIAN IMPORTS FROM COMMONWEALTH COUNTRIES

	1958	1959	1st 3 mos. of 1959	1st 3 mos. of 1960
		(in millions of dollars)		
United Kingdom	526.7	596.6	107.7	142.2
West Indies Federation	43.0	50.8	7.0	8.9
Australia	32.9	41.2	7.6	5.2
India	27.7	29.3	5.4	6.1
Malaya	19.9	28.7	5.1	6.5
British Guiana	20.6	17.8	1.4	.7
Ceylon	12.9	15.1	3.0	3.3
Hong Kong	8.8	13.2	2.7	4.0
New Zealand	11.6	8.6	1.0	1.8
Mauritius and Seychelles	5.9	7.6		.7
Union of South Africa	8.0	6.6	.8	1.0
Fiji	5.7	4.8	1.6	1.5
British East Africa	5.1	4.3	.8	1.0
Ghana	2.1	4.1	.3	.5
Nigeria	2.4	3.1		.6
Bermuda	.5	1.6	.06	.1
Pakistan	.5	1.1	.2	.1
Rhodesia and Nyasaland	1.4	1.0	.03	.001
Total above	735.7	835.5	144.7	184.2
Other Commonwealth	.8	1.8	.4	6.0
Total imports from Commonwealth	736.5	837.3	145.1	190.2
Total Canadian imports	5,192.4	5,654.2	1,217.5	1,326.2
Imports from Commonwealth as percentage of total imports	14.2	14.8	11.9	14.3

Commonwealth in World Trade

The Commonwealth countries currently account for almost 30 per cent of the world's trade. Their annual imports (excluding Canada) total about $23.9 billion. In 1959 the Commonwealth purchased over $1 billion worth of Canadian goods, or about one-fifth of our total exports. Commonwealth countries are particularly important as markets for certain specific types of goods. For example, in 1959 they took 91.1 per cent of our exports of tobacco, 47.6 per cent of our wheat, 67 per cent of our flour, 60.8 per cent of our automobiles and parts, 40.2 per cent of our primary aluminum, and 34.1 per cent of our copper.

The Commonwealth is, of course, a group of markets and not a single one. Although the United Kingdom is by far the largest purchaser of Canadian goods in the Commonwealth (accounting for nearly three-quarters of our total sales to these countries), Australia, the Union of South Africa, India and the West Indian territories (including Bermuda) each took more than $50 million worth of Canadian goods in 1959. (A substantial part of our sales to India represented Colombo Plan shipments.)

These markets differ widely as a result of variations in climate, natural resources and economic advancement. The United Kingdom's imports consist largely of foodstuffs and industrial materials and it is therefore not surprising that our leading exports to Britain are wheat, primary aluminum and newsprint. However, there is scope for selling in the United Kingdom a wide variety of manufactured goods as well—particularly where Canadian products have an edge in styling or quality. (See *Foreign Trade* of February 13 and May 21, 1960.) In most other parts of the Commonwealth, manufactured goods make up a considerably larger proportion of total imports than in the United Kingdom and this affects the composition of our sales to them. Thus, our leading exports to individual Commonwealth countries other than the United Kingdom include automobiles, cotton fabrics, farm machinery and equipment, and marine engines. Fully or chiefly manufactured goods make up 87 per cent of our exports to the West Indies, 79 per cent of our exports to New Zealand, and 71 per cent of our exports to the Union of South Africa, compared with only 23 per cent of our exports to the United Kingdom. Some Commonwealth countries are particularly important as markets for Canadian manufactured goods. For example, the West Indies ranks fourteenth in our total exports to all countries but fourth as a market for Canadian manufactured goods.

Most Commonwealth countries are making efforts to encourage the growth of domestic industry and this has inevitably affected our trade in some types of manufactured goods. However, offsetting this is the fact that, as these countries become more developed economically, their import requirements expand and become more diversified, thus creating opportunities for different types of Canadian manufactured goods. Our exports of consumer durable goods to Australia are considerably smaller than before the war but we are shipping larger amounts of such products as chain saws and marine engines (see article on page 2).

Effect of Economic Expansion

The pace of economic expansion in the Commonwealth countries also differs. Some of the newer members are developing rapidly, while in the more mature ones the rate of increase in national output is slower. This of course influences the growth of their imports. For example, from 1950 to 1958 imports increased by 85 per cent in Malaya and Singapore, 75 per cent in Ghana, and 132.6 per cent in the West Indies, compared with 45 per cent in the United Kingdom. The pattern of Canadian trade in recent years has reflected these variations in the rate of economic growth. Our average exports to the United Kingdom in the five-year period 1955 to 1959 were 120 per cent higher than in 1935-1939, compared with an increase of 172 per cent for exports to other Commonwealth countries. Canadian exporters would do well to investigate the possibilities of getting in on the ground floor in some of the fast-growing Commonwealth countries in Africa and Asia. The Department of Trade and Commerce has recognized the growing importance of Africa by establishing Trade Commissioner Offices in Salisbury, Rhodesia and Nyasaland (1955), Accra, Ghana (1957) and Lagos, Nigeria (to be opened this fall).

Advantages in Trading

In spite of the great differences to be found within the Commonwealth, its member countries have some important things in common. The substantial measure of similarity in methods of doing business, in government administration, and in legal practices tends to provide a more stable basis for conducting trade. In most Commonwealth countries English is the official language even where other languages are also spoken. A number of members of the Commonwealth exchange important tariff preferences. Canada receives preferential treatment on most dutiable imports into the United Kingdom, Australia, New Zealand, Rhodesia and Nyasaland, and the West Indies. We receive preferences on a substantial number of products in Malaya and Ceylon and on about a dozen in the Union of South Africa. These preferences are of particular importance to Canadian exporters of manufactured goods. Entry of the United Kingdom into the European Free Trade Association will reduce the value of our preferential margins on some products produced by the Continental members of this regional grouping, but most of our preferences in the British market are not likely to be affected significantly by this development.

Some of our more important preferences and favourable terms of entry are safeguarded by trade agreements such as those with Australia, New Zealand, the Union of South Africa, the West Indies, and Rhodesia and Nyasaland. The new

Trade Agreement with Australia (details of which were given in *Foreign Trade* of February 27, 1960) provides for guaranteed margins of preference on 53 items r sub-items in the Australian tariff ompared with the 33 covered by the 1931 agreement. It also provides for the first time guarantees of continuation of existing free entry r low rates on 12 items or sub-tems. Canada also benefits from many of the tariff concessions exhanged between other Commonwealth countries.

Commonwealth Co-operation

Commonwealth countries co-operate in a variety of fields to acilitate their economic development and the expansion of their rade. The Colombo Plan for aid o the less developed countries of Asia was originally a Commonwealth initiative and the Prime Ministers' Conference in April 1960 gave considerable attention o the need of the emergent countries of Africa for economic assistance. The Montreal Conference, in ddition to reaching important ecisions on trade and economic evelopment, approved plans for mproving Commonwealth communications and establishing scholarships for the exchange of students etween different Commonwealth ountries. Consultation between the embers of the Commonwealth is robably closer and more frequent han between any other group of ations. The new Commonwealth Economic Consultative Council met t the level of senior officials in May 959 and April 1960 and at the evel of Ministers in September 959, each time in London. The anada-United Kingdom Continuing Committee met in July 1959 in Ottawa and in July 1960 in London. At all these meetings, the development of regional trading blocs in Europe was an important subject of discussion. The new Canada-Australia Trade Agreement contains an Article dealing specifically with consultations between the two countries and Continuing Committees are to be established in Ottawa and Canberra to implement these provisions.

Outlook Encouraging

All these circumstances create a very favourable atmosphere for Canadian exporters who wish to do business in Commonwealth countries. In addition, economic conditions at the present time are buoyant in most of the Commonwealth. In the United Kingdom, income and employment are running at high levels and in the first quarter of 1960 total imports were 17 per cent above the same period of 1959 in volume and imports of manufactured goods 47 per cent higher. In a number of other Commonwealth countries—including Australia, New Zealand, Rhodesia and Nyasaland, Jamaica, Trinidad, and British Guiana—imports for the first two or three months of 1960 exceeded 1959 levels. Most Commonwealth countries other than the United Kingdom depend to varying degrees on exports of primary commodities for their ability to maintain a high level of imports. It is therefore encouraging that the United Nations World Economic Survey estimates that the value of total world trade in primary products will continue to rise in the coming year, though perhaps at a slower rate than in 1958 and 1959. Although for some foodstuffs the outlook is somewhat uncertain, for most industrial raw materials increases are likely.

Thus, the indications are for generally favourable economic conditions in most Commonwealth countries in the months immediately ahead. This is therefore a good time to look into the possibilities of selling in Commonwealth markets. The Department of Trade and Commerce stands ready to assist through its 36 Trade Commissioners in twelve Commonwealth countries and its specialists on commodities, tariffs and trade relations, and trade publicity at headquarters in Ottawa. ●

Spain's Textile Industry

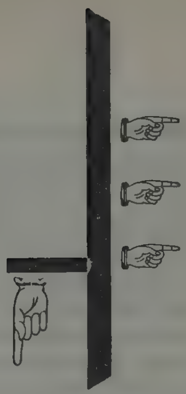
SPAIN'S cotton textile industry, the fifth largest in Europe, is planning a modernization program. This will include the scrapping of some 20,000 worn-out looms and the destruction of 500,000 spindles, and their replacement by new and more efficient equipment. This, the industry hopes, will improve productivity. In the other OEEC countries, output per loom or spindle is over 50 per cent greater than it is in Spain.

The chief obstacle in carrying out this program is cost. It would require a substantial investment, estimated at about $90 million. In addition, compensation would have to be paid to displaced workers. The backers of the modernization plan at present favour raising the necessary funds by a large public loan.

One persistent problem of the industry—the supply of raw cotton—appears to be solved. The Spanish cotton crop has increased sharply in the past decade. Last year it exceeded 275,000 bales of 50 pounds each and it is expected to be even larger this year. It thus meets more than half of the industry's annual requirements of about 500,000 bales. In addition, the U.S. aid program has in the last few years included substantial shipments of U.S.-grown raw cotton under PL480. Middle Eastern countries supply most of the remainder. Mexico has made some sales to Spain recently.

Although Spain is the world's eleventh largest producer of cotton textiles and yarns and has over 1,000 mills (chiefly in the Barcelona district) it has catered almost entirely to the domestic market. Exports have never been important and this has meant little incentive to modernize. But since Spain became a member of OEEC in July 1959 and adopted a new exchange rate of sixty pesetas to the U.S. dollar, she has been able to buy raw cotton more advantageously and has been more successful in exporting. In 1959, substantial quantities of manufactured cotton goods—particularly yarns, unfinished materials (grey cloth) and towels—have been shipped to the United States and the United Kingdom.

—M. T. STEWART,
Commercial Counsellor, Madrid.



Advertising Abroad

In South Vietnam, it is essential to have expert local advice on advertising campaigns. In general, newspapers are the best medium for promoting sales of most products.

C. M. FORSYTH-SMITH, *Trade Commissioner, Hong Kong.*

ADVERTISING in South Vietnam is not highly developed and effective media are limited. The country, with a population of some eleven million, presents special problems to advertisers and professional advice is essential to a successful campaign. The people are, of course, predominantly Vietnamese—some ten million—but there are about one million Chinese who have recently taken out Vietnamese citizenship, 10,000 French, and 2,000 Americans. These minority groups would be the principal buyers of many of the products that could usefully be advertised and advertisers should select methods and media with them in mind.

Newspapers

Newspapers are one of the most important media and some 22 published here carry advertisements. Twelve are printed in Vietnamese, six in Chinese, three in French and one in English. Circulation of most of the Vietnamese-language papers varies from 15,000 to 35,000; the largest has a daily circulation of 60,000 and a Sunday edition with a circulation of 120,000. The leading Chinese-language paper reaches 23,000 readers and the others from 5,000 to 15,000. The Vietnamese and Chinese papers tend to be passed around from family to family and this probably multiplies the known circulation three to five times. The only French daily has a circulation of about 6,000 and the two French weeklies approximately 2,500 each. The English daily's circulation is only about 2,000. Newspaper advertising can be used most effectively for promoting sales of consumer goods but it is also employed to some extent to advertise office appliances, industrial equipment and raw materials.

Movie Slides and Shorts

Movie slides and shorts are popular and probably rank next to newspapers in advertising effectiveness. Of the forty or so movie houses in the Saigon-Cholon area, five show Chinese films exclusively. The others run mostly American films, with a few French and English ones for variety. Slides and shorts for movie theatres can either be imported or made locally, but it is considered preferable to have them produced locally so that they will conform to Vietnamese tastes. It may even be necessary sometimes to have different themes for the same product, depending on whether the prospective viewers are Vietnamese, or Chinese-Vietnamese, or others.

Magazines

Technical journals are not published in South Vietnam. There are three regular weekly magazines for women. Other weeklies appear on the market from time to time bu they are usually fly-by-night operations with no substantial value a advertising media. Two bulletins—one put out by the Saigon Chambe of Commerce and the other by th National Office of Exchange—ca be useful for advertising commercia goods. However, it is doubtful i they are as effective as properl selected newspapers.

Advertising is not permitted o the state-run Vietnam radio networ and television has not yet arrived.

Outdoor Advertising

Outdoor advertising is popula and posters, billboards or bus card are used. Posters are strictly controlled by the Government and ma be placed only in a few authorize locations. In the Saigon-Cholo area, they are limited to about 10 locations and an advertiser can retain space for only one week at time. A tax of five piastres is levie However, if no other application for the space are received it can b held from week to week, with ta payable for each week. Similar restrictions apply in all large town throughout Vietnam. Billboards, o the other hand, are not subject t the same restrictions and may b erected along highways and o many locations outside towns. The are considered particularly suitab for machinery, industrial goods an raw materials if they are locate near industrial areas. Advertisin on the inside and outside of bus is widely used and most effectiv particularly for consumer goods.

Other Media

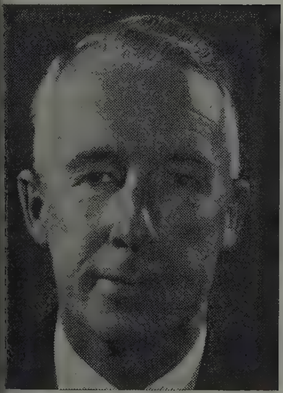
Calendars are a very popul form of advertising, as are giv aways such as cigarette lighter pencils, key rings, etc. Counter cards are used a great deal and most retail stores are willing to display them. Direct mail promotion has not been employed to any degree but is becoming more popular. Some suppliers of industrial equipment and raw materials are using this approach exclusively, with good results. As in most countries, illustrated literature, brochures, pamphlets, etc., are of great value. In Vietnam they should be printed in French which, although it is not the official language of the country, is the one that all sections of the business community use.

If You Plan to Advertise . . .

Canadian companies considering advertising in Vietnam would be well advised to employ a local advertising agency to ensure that the correct medium is chosen, and that the advertising materials selected appeal to local tastes. However, an agency must be chosen with great care because there are many which claim to be qualified but often turn out to be merely space-bookers or even sign-painters. Only three at the most would qualify as advertising agencies by Canadian standards. They make their own theatre shorts and slides and make and erect billboards. At least one has its own printing shop for posters, calendars, and other promotion materials. The three are also prepared to do a certain amount of market research although it is unlikely to measure up to the research standards of advertising agencies in North America. It is believed that none of the local agencies has extensive connections abroad but all would probably be prepared to work in co-operation with Canadian agencies or directly with Canadian suppliers.

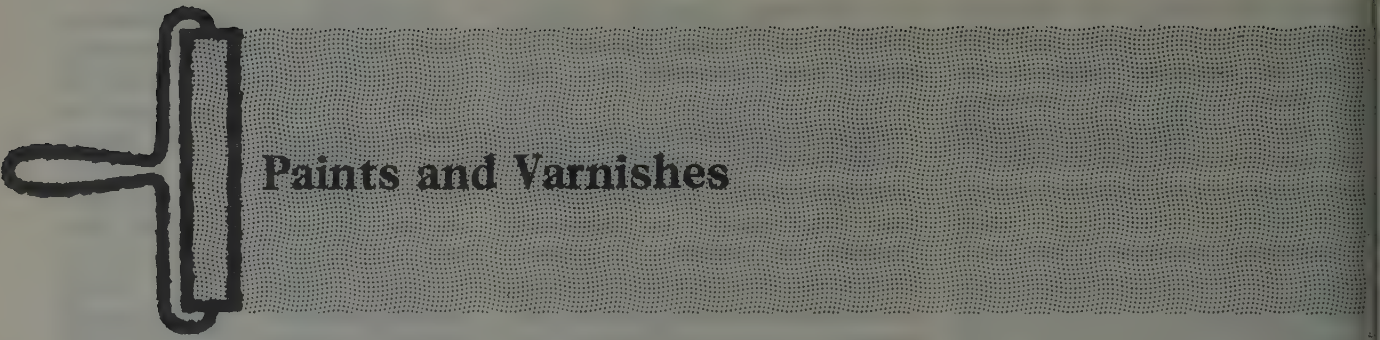
Because the variety of Canadian goods that can be marketed in Vietnam in the immediate future is limited, Canadian companies are strongly urged to seek the advice of the Canadian Trade Commissioner in Hong Kong before considering advertising campaigns. The best sales prospects are for metals in semifabricated form, certain building materials, some types of machinery including small diesel and gas engines, small power units and pumps, agricultural and sawmill equipment, and paper of all kinds. With the development of the country's industrialization program, market prospects for chemicals will also improve. Sales of some of these products could probably be stimulated by well-planned advertising and suppliers should consider this form of trade promotion once they are reasonably sure of the market prospects. ●

Two Assistant Deputy Ministers Appointed



DENIS HARVEY has been appointed Assistant Deputy Minister (Commodities and Industries) in the Department of Trade and Commerce. He will co-ordinate the work of the Department's branches which are concerned with commodity matters, liaison with industry, and export and import controls. Mr. Harvey entered the Department as Director of the Import Division when he retired from the Royal Canadian Navy in 1945. For the past ten years he has been Director of the Commodities Branch and active in export promotion. He has served as delegate to a number of international conferences on commodity matters, the latest being the recent World Tin Conference and prior to that the United Nations Lead and Zinc Study Group. He was responsible for the administration in Ottawa of the West Indies Trade Liberalization Plan and the U.K. Token Import Scheme.

BERTRAM G. BARROW has been appointed Assistant Deputy Minister (Domestic Commerce). He will serve as the Department's principal adviser on domestic commerce, and will conduct commercial negotiations with provincial authorities, trade associations and other business groups. He joined the Department of Reconstruction and Supply in 1945 as an economist. Two years later, he entered Trade and Commerce as a commercial relations officer, and in 1953 was appointed Assistant Director of the International Trade Relations Branch. During these years, Mr. Barrow was a member of the Canadian delegation at two tariff conferences: he spent six months in Annecy, France, at the 1949 tariff negotiations there and attended the 1950-51 GATT conference at Torquay, England. Since 1955 he has been with the Tariff Board, for the past two years as Chief of Research.



Paints and Varnishes

The Market in Brazil

Rapid growth of domestic industry has shut out most imports, narrowed market to newly developed and specialized products.

R. C. ANDERSON, *Vice Consul and Assistant Trade Commissioner, São Paulo.*

THE paint and varnish industry in Brazil has grown rapidly in recent years. Total production for 1959 is estimated at over 75,000 tons, almost double the 1956 figures. (See Table I for production statistics.) As late as 1947, 60 per cent of the paint used in Brazil was imported. During 1959 imports are estimated to have fallen to less than the 1958 total of some U.S.$61,000. Brazil, it is apparent, is now supplying practically all of the domestic market for paints and varnishes.

Imports Discouraged

The rapid development of the paint industry was hastened by import restrictions which encouraged domestic production and discouraged imports. Paints and varnishes are classified for exchange purposes in the Special Category;* imports in this group are considered non-essential to the economy. Therefore a prospective importer of paints or varnishes must purchase (and pay a premium for) a commitment from the Bank of Brazil at the weekly exchange auction to allow him to buy foreign exchange at the official rate of Cr.$18.92 per U.S.$1.00 (as established with the International Monetary Fund). This premium he pays in addition to the official rate. At the weekly auction May 10 the premium, (which varies with the availability of foreign exchange) was Cr.$496 per U.S.$1.00 for goods in the Special Category. In addition, the importer must pay the ad valorem duty of 80 per cent on foreign paints and varnishes. These exchange regulations and ad valorem duties have almost eliminated paint imports.

Four paint companies, two of which are affiliated with large international companies, account for 40 per cent of total production. Condoroil Tintas S.A. is a completely Brazilian operation and has become the largest paint company in Latin America. It operates two paint factories in Rio de Janeiro, another blending factory and a laboratory in São Paulo, a nitrocellulose plant and the huge Oiticica oil plant at Fortaleza in northern Brazil. Sherwin Williams do Brasil S.A. was established in 1920 to sell imported paints. In 1944 the company set up a production plant in Brazil and it has expanded to become the country's second largest producer

TABLE I—PRODUCTION OF ENAMELS, PAINTS AND VARNISHES

	No. of firms*	Litres	Value in Cr.$1,000
Alcohol base paints			
1956	7	250,737	14,103
1957	8	244,105	18,870
1958	10	260,501	29,907
Oil base paints			
1956	28	9,501,881	471,327
1957	32	21,839,258	1,280,026
1958	35	32,509,675	2,057,600
Paints of other types			
1956	57	14,769,175	694,898
1957	59	12,971,351	781,813
1958	60	16,982,000	1,240,000
Varnishes			
1956	32	2,274,856	124,121
1957	30	3,169,052	135,771
1958	30	3,892,502	201,000
Total for four types above			
1956			1,304,449
1957			2,216,480
1958			3,528,507

*Statistics available only for these.

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*For an explanation of the import categories and the exchange auctions, see article on Brazil in *Foreign Trade* of November 21, 1959.

TABLE II—IMPORTS OF PREPARED PAINTS AND VARNISHES

	Year	Kilos	Cr.$	U.S.$*
Prepared paints:	1956	967	87,035	1,240
varnish or resin base, enamels	1957	1,303	32,785	1,442
	1958	217	51,410	410
Prepared paints:	1956	136	9,241	491
pyroxylina or acetalcellulose base	1957	95	20,906	140
	1958		(no imports)	
Prepared paints:	1956	18,636	151,277	7,271
bituminous tar or pitch base and similar	1957	390,517	6,048,925	40,396
	1958	155,448	987,117	16,782
Prepared paints:	1956	15,442	249,677	13,055
oil base	1957	3,989	48,480	2,576
	1958	5,632	102,233	4,346
Prepared paints:	1956	25,638	3,410,043	48,066
Not specified	1957	4,814	981,839	11,321
	1958	6,407	5,095,260	26,086
Varnishes	1956	4,787	1,296,392	10,546
	1957	8,825	1,765,132	18,617
	1958	8,761	2,181,298	13,337
Total	1956	$80,669		
	1957	74,492		
	1958	60,961		

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*Note: Rate of conversion of cruzeiros into dollars is not constant because certain imports have received special exchange treatment.

merican Marietta is a combination f U.S. and Brazilian interests. It is relative newcomer and went into peration only in 1955. Coral S.A., hich was also established in 1955, a modern plant with the latest quipment; it ranks as the fourth rgest paint company and is now rning out 700,000 litres of paint month. There are 35 other paint anufacturers of some size in razil, but the four listed above ominate the Brazilian market. All ut American Marietta have fully tegrated operations and produce eir own resins, treat their own ls, manufacture the paints and rnishes, and distribute them rough their own wholesale outlets. hree—Sherwin Williams do Brasil A., Condoroil Tintas S.A., and oral S.A.—also maintain retail ores.

Brazil also produces and proc- sses practically all the raw mate- als that the paint industry needs. e only supplies imported in any antity are phenol, which comes iefly from the U.S. with Canada cond, melamine and maleic an- dride, both imported mainly from e U.S.

Aluminio do Brasil, a wholly- vned subsidiary of the Aluminum Company of Canada, established a plant in 1958 to produce Alpaste, an aluminum pigment in paste form which when mixed with paint, paint vehicles and varnishes gives a metallic finish. The company is currently using nine to ten tons of aluminum a month in making Alpaste for this market.

Most of the paints imported today are newly developed or specialized products which are required initially in comparatively small quantities, so that it is uneconomic for Brazilian companies to make them. When new products are developed elsewhere and if the volume of imports becomes large enough to warrant production, they are soon produced in Brazil. The generally excellent financial resources of the paint companies and their access through parent companies or under licensing arrangements to the necessary technical knowhow make this possible.

There seems to be little opportunity for Canadian paint producers to export paints and varnishes in any volume or permanently to the Brazilian market. The only exception is new and specialized products, as the paragraph above makes clear. ●

Paints, Varnishes in Uruguay

URUGUAY boasts a well-established paint, varnish and allied products industry. Some 25 factories employ about 1,000 people and produce an estimated 5,000 tons of paints and varnishes a year, valued at some 25 million Uruguayan pesos (approximately Can. $2.08 million).

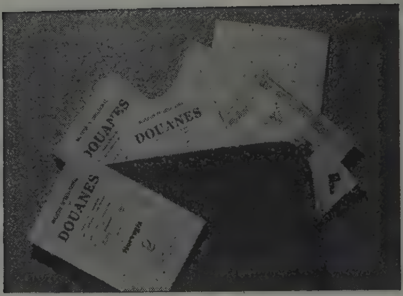
The products turned out include various water-based synthetic emulsions, enamels and varnishes, plus conventional paints, stains, varnishes and lacquers. All are consumed in Uruguay and more than satisfy local needs. There are even possibilities of developing export trade.

The industry imports most of the components required. Raw materials worth over U.S.$2 million were brought in in 1958, 22 per cent from the United States, 25 per cent from France, 19 per cent from Italy, 10 per cent from Britain and 4 per cent from West Germany and the Netherlands. The remaining 16 per cent came from a number of other countries.

Turpentine and calcium carbonate are made in Uruguay but not enough to satisfy local needs and imports are necessary. On the other hand, linseed oil is produced in surplus and U.S.$4.2 million worth was exported in 1958.

The only paints imported into Uruguay in 1958 were small quantities of fluorescent and automobile paints, plus a little varnish of various types, according to the Paints and Allied Products Manufacturers Association. Separate statistics on imports of paints and varnishes are not available; they are grouped with imports of "paint and paint ingredients". We are assured by the Association, however, that the trade in imported made-up paints and varnishes is very specialized and almost negligible. Opportunities for foreign suppliers, therefore, are either slight or non-existent.

—ANDRÉ POTVIN, *Office of the Commercial Counsellor, Montevideo.*



Trade and Tariff Regulations

Belgium

DRY SKIMMED MILK—Belgium has imposed, effective May 29, 1960, a special import tax on dry skimmed milk, with or without the addition of sugar. The rate of the tax is 3 Bfrs. per kilogram, or approximately 2¾ cents per pound.

It is possible that the tax will be suspended or reduced in the fall in view of the seasonal decline in domestic production—Brussels.

Mexico

FISHMEAL PLACED UNDER IMPORT CONTROL—The *Diario Oficial* of July 15, 1960, reports that fishmeal is to be subject to import licence control, effective immediately.

Applications for permits are to be made to the Department of Industry and Commerce and are required for all imports, including those into the free-zone area in northwestern Mexico.

Rhodesia and Nyasaland

IMPORT RESTRICTIONS REMOVED—Effective June 30, 1960, the Federation's remaining special controls on imports from the dollar area were removed. Previous to June 30, 1960, clothing, cotton piecegoods, commercial fishing nets, wireless and television sets, and gramophones from the dollar area were subject to import control. All goods from the dollar area (not otherwise controlled) may now enter the Federation of Rhodesia and Nyasaland under Open General Licence.

A list of the eleven items which will remain under import control from all sources was published in *Foreign Trade* of April 23, 1960.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade announced recently that it has received the following representations respecting the tariff:

Increase in duty on:

1. High-gloss coated or varnished plates and bowls
2. Potscrapers
3. Certain yarns
4. Synthetic resin enamel covered electric wires (magnet wires)
5. Radiograms, radio receiving sets, television receiving sets, F.M receiving sets
6. Flexible foam plastics
7. Certain D.D.T. products
8. Woven piecegoods

Reduction in duty on:

1. Silicon metal
2. Scrap metal products

Rebate of duty on:

1. Synthetic resin enamel for insulating electric wires (magnet wire
2. Gold embossed aluminum foil used in packing of cigarettes
3. Three-mm. plywood for the manufacture of musical instrument
4. Plywood formed and shaped for the manufacture of woode chairs
5. Certain components for the manufacture of radiograms and othe radio and television receiving sets
6. Certain papers for the manufacture of paper cups
7. Print-dyed worsted knitting yarns of a count 2/50's and over fo the knitting of garments and piecegoods
8. Certain materials for the manufacture of heels

Withdrawal of rebate on:

1. Knitted worsted fabric in the piece containing more than 50 pe cent by weight of wool or hair, or wool and hair mixed, for th manufacture of baby blankets and shawls
2. Certain yarns and threads

Canadian firms exporting these goods to South Afric may wish to have their views on these tariff inquirie placed before the Tariff Board. The most effectiv method of doing so is for the Canadian exporter to hav his South African agents act on his behalf before th Board. Action should be taken as soon as possibl because tariff inquiries normally begin in South Afric soon after the announcements are made.

Spain

NEW CUSTOMS TARIFF AND EXCISE TAX O IMPORTS—After almost 40 years the Spanish Government has introduced a new Customs Tariff based o the Brussels nomenclature and, at the same time, ha put into effect an Excise Tax on Imports. The Customs Tariff and the rates of the new tax were publishe in the official *Spanish State Gazette* in instalment between May 31 and June 8, 1960.

An English translation of the new tariff is not ye available, nor is an over-all comparison with the ol tariff possible since the structure of the new tariff an the method of assessment differ entirely from those o he old one. Duties formerly levied on a weight basis specific) are now assessed in percentages of the value ad valorem duty) or, in some cases, are mixed, i.e., pecific and ad valorem. Where specific rates are used, aper pesetas replace gold pesetas of the old tariff (one old peseta equals 7.154 paper pesetas). Moreover uties under nine chapters are transitory and will be radually reduced to allow certain industries and com- odities to adapt themselves to world price levels. here is no transitory period for goods either en oute or ordered. Of interest is the application of a niform rate of 15 per cent on goods brought in by ourists which otherwise would be dutiable under much igher rates.

A preliminary study of the new tariff permits the onclusion that the policy of the Spanish Government to subject imports of consumer goods to high duties, t the same time charging raw materials and certain ems of equipment considered essential for Spanish dustrial development rates below the level of the ld tariff. How the new rates will affect Canadian xports cannot yet be determined.

The decree on the Excise Duty on Imports de- cribes the tax as a fiscal charge compensating for arious internal taxes which are levied on domestic roducts. Its rates are inscribed in the new Customs ariff side by side with the rates of duty. They vary etween 1 and 25 per cent, with the exception of a ngle article, ethyl alcohol, not denaturalized, which subject to a rate of 70 per cent.

nited States

960 IMPORT QUOTA ON RYE ANNOUNCED— *Foreign Trade* of August 29, 1959, it was announced at the annual import quota on rye, rye flour and rye eal had been extended for a two-year period ending n June 30, 1961. The quota basis for the twelve- onth period beginning July 1, 1960, was then an- ounced as 186 million pounds. The excess of entries, any, over 186 million pounds in the previous year as to be deducted from the quota beginning on July , 1960, which in any case was not to be less than 2,879,683 pounds.

On July 11, 1960, the U.S. Treasury Department etermined the quota beginning July 1, 1960, as 43,606,079 pounds. Ninety-eight per cent of this uota, or 140,733,957 pounds, is allotted to Canada, e remainder to other countries. Of the total quota, ot more than 11,614 pounds may be in the form of e flour or rye meal.

ARIFF COMMISSION ESCAPE CLAUSE IN- ESTIGATION INTO IMPORTS OF HARD FIBER ORDS AND TWINES—Upon application of the ordage Institute, New York, N.Y., received June 10, 960, the United States Tariff Commission, on June 24, 1960, under the authority of section 7 of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether cords and twines provided for in paragraph 1,005(b) of the Tariff Act of 1930, are, as a result in whole or in part of the duty or other customs treatment reflecting concessions granted thereon under the General Agreements on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

A public hearing in connection with this investigation will begin at 10 a.m. e.s.t., on September 28, 1960, in the Hearing Room, Tariff Commission Building, Eighth and E Streets N.W., Washington, D.C. Interested parties desiring to be heard should write the Secretary of the Commission at least five days in advance of the date set for the hearing.

Cords and twines provided for under U.S. tariff paragraph 1,005(b) are "cords and twines (whether or not composed of three or more strands, each strand composed of two or more yarns), tarred or untarred, single or plied, wholly or in chief value of henequen, manila (abaca), sisal, or other hard fiber". They are now dutiable at 15 per cent ad valorem.

United States

TARIFF COMMISSION ESCAPE CLAUSE INVESTIGATION INTO IMPORTS OF BINDING AND BALER TWINE—Upon application of the Cordage Institute, New York, N.Y., received June 10, 1960, the United States Tariff Commission, on June 24, 1960, under the authority of section 7 of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether binding twine and twine chiefly used for baling hay, straw, and other fodder and bedding materials, provided for in paragraph 1,622 of the Tariff Act of 1930, are, as a result in whole or in part of the duty or other customs treatment reflecting concessions granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

A public hearing in connection with this investigation will begin at 10 a.m., e.s.t., on September 27, 1960, in the Hearing Room, Tariff Commission Building, Eighth and E Streets N.W., Washington, D.C. Interested parties desiring to be heard should write the Secretary of the Commission at least five days in advance of the date set for the hearing.

Binding and baler twine chiefly used for baling hay, straw, and other fodder and other bedding materials now enter the United States free of duty under U.S. tariff paragraph 1,622.

United States

TARIFF COMMISSION ESCAPE CLAUSE INVESTIGATION INTO IRON ORE IMPORTS—The United States Tariff Commission, on July 6, 1960, under the authority of section 7 of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether iron ore (including manganiferous iron ore), provided for in paragraph 1,700 of the Tariff Act of 1930, is, as a result in whole or in part of the customs treatment reflecting concessions granted thereon under trade agreements, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. A resolution requesting this investigation was adopted by the Committee on Finance, United States Senate, on June 3 1960, and was received by the Commission from th chairman of the Committee on July 1, 1960.

A public hearing in connection with this investigation will begin at 10 a.m. e.s.t., on October 11, 196 in the Hearing Room, Tariff Commission Building, 8t and E Streets, N.W., Washington, D.C. Intereste parties desiring to be heard should write the Secretar of the Commission at least five days in advance of th date set for the hearing.

This escape clause investigation differs from the fac finding investigation which was completed in Marc 1959, in that an investigation under the escape claus requires a recommendation for a tariff or quota if is found that imports are causing serious injury to th U.S. industry. Iron ore has been on the U.S. duty-fre list since 1913.

Transportation Notes

Australia

PORT OF MELBOURNE—Port of Melbourne trade in 1959 climbed by 503,000 tons over 1958 to 8,843,846 tons, the second highest figure in ten years. Import tonnage handled from overseas and other Australian ports totalled about three times the export tonnage. Export cargoes jumped during the year by 412,707 tons—Melbourne.

SERVICE TO EAST INDIES—The Austasia Line of Singapore has announced that a new shipping service will operate from Adelaide, Melbourne, Sydney and Queensland ports to New Guinea, North Borneo and Sarawak. Two ships will be employed at the start, each with capacity of 4,000 tons of refrigerated and general cargo—Sydney.

Brazil

FLEET FOR MINERAL PRODUCTS—Plans for a fleet to transport bulk mineral products are nearing completion. To be known as FRONAGRA (Frota Nacional de Graneis), it will be used mainly for carrying exports of iron ore and imports of coal.

The prospective program results from studies undertaken by a Ministry of Transport group. Its main objective is to reduce expenditure of foreign exchang by transporting coal to Brazil in national bottoms an using the same vessels to carry iron ore exports, thu making Brazilian ore prices more competitive on th international market.

Principal shareholders of FRONAGRA, which wi have a capital of Cr.$2.4 billion, will be Brazil's government-controlled National Steel Company and the Companhia do Vale do Rio Doce, a government-owne organization with the monopoly of iron ore exports— Rio de Janeiro.

MERCHANT NAVY—The plan instituted b GEICON, the Executive Group of Naval Constructio for expanding the Brazilian Merchant Navy has begu to bear fruit. Since 1958, when the Plan was initiate some Cr.$7 billion has been invested. These funds wer used to renew the merchant fleet and finance the construction of local shipyards—Rio de Janeiro.

Ceylon

NEW PORT EQUIPMENT—Heavy equipment t handle the increasing cargo passing through the port of Galle and Trincomalee is to be bought by the Gov rnment of Ceylon and rented to private landing comanies. The Port Commission has revealed that cargo andled at Trincomalee last year was three times reater than in any previous year—Colombo.

gypt

UEZ CANAL TRAFFIC—The Suez Canal Authory reports that the number of ships passing through he canal declined in 1959 from the peak year 1958, hough the amount of cargo carried rose slightly. This ndicates that newer, bigger cargo ships and tankers re replacing smaller vessels. Transits during the year otalled 17,731 or an average of 48.5 ships per day. et tonnage reached 163,386,000 tons in 1959, of hich oil tankers accounted for 114,340,000, an inrease of 7 per cent over 1958.

It is expected that the trend to bigger ships will ontinue—hence the need for the current program, artly financed by the World Bank, to widen and eepen the canal for ships of 37-foot draft. However, ew oilfields in Libya and Algeria may affect the anal's tanker traffic in future—Cairo.

taly

HIPBUILDING—The firm Cantieri Riuniti dell'driatico of Trieste has concluded an agreement with abcock & Wilcox of New York for the construction nd sale of atomic-propelled cargo ships of the *Savanah* type—Rome.

UCLEAR MERCHANT SHIPS—An agreement has een signed between the Trieste shipbuilding company, antieri Riuniti dell'Adriatico, and the New York rm of Babcock and Wilcox for the construction and le of mercantile vessels propelled by atomic energy. he agreement is for a period of ten years, running om January 1, 1960. The ships will be built in rieste on plans and according to patents supplied y the U.S. company, which will also provide technical ssistance. The ships will be sold to Italian and foreign ipowners—Rome.

etherlands

AKES-MIDDLE EAST SERVICE—Nedlloyd Line ffers a new monthly service from Great Lakes and . Lawrence ports to Beirut, Aqaba, Karachi and rabian Gulf ports. It is called the Nedlloyd Middle ast Express Service and is operated by N.V. Stoomaart Maatschappij "Nederland" and Koninkliike otterdamsche Lloyd, N.V. The first sailing, the M.V. *mstelhoek,* left Toronto and Montreal early in June. he vessels assigned to this service will be fast comnation freight-passenger ships capable of handling eavy lifts and equipped with deep tanks and refrigeraon space. Montreal Shipping Company Limited has een appointed agents—The Hague.

Norway

SHIPPING REVENUE RISES—Net foreign currency earnings by the Norwegian merchant fleet are expected to reach Kr.3,000 million in 1960, Kr.50 million higher than last year. This estimate is based on the assumption that freight rates remain more or less constant. Norway's imports of ships last year totalled about 950,000 gross tons worth Kr.2,080 million, and the estimate for 1960 is 800,000 gross tons valued at Kr.1,900 million. The net increase in the merchant fleet this year is estimated at about 700,000 gross tons, or 6.5 per cent; this will bring the total to 11.2 million gross tons at the end of the year—Oslo.

Spain

SHIPBUILDING—A shipbuilding agreement, valued at $10.5 million, has been signed between Spain and Argentina. This provides initially for three river steamers for Argentina—two to carry 450 passengers and one 800 passengers. Delivery is expected in 25 months and payment will be as follows: 56 per cent by Spain under her debt to Argentina, 14 per cent in foreign exchange, and 30 per cent for machinery and ship plates.

Conversations over supplying Argentina with several 20,000-ton tankers under the same payment system are reported to be well advanced—Madrid.

Switzerland

BARGE TRAFFIC THROUGH BASEL—In 1959, the metric tonnage of craft passing through the Basel Rhine ports totalled 4,898,351, or 0.6 per cent more than in 1958. Imports totalled 4,312,919 metric tons, compared with 4,372,134 in 1958, 33.6 per cent and 36.6 per cent of Switzerland's total imports. The slight decline was caused mainly by low water levels during the summer and autumn. Movement of fuel and grain fell off, though that of metals increased. Exports from the Basel Rhine ports in 1959 totalled 162,947 metric tons, 15.3 per cent of Switzerland's total exports. This compares with 107,506 metric tons, or 19.4 per cent of total Swiss exports, in 1958—Berne.

United States

PORT OF NEW ORLEANS—A record 133,886,963 bushels of grain were exported through the Port of New Orleans in the fiscal year ended June 30, 1960—an increase of almost 300,000 bushels over the previous twelve months. Ship arrivals in fiscal 1960 numbered 4,834, another record high. Banana imports soared to 522,000 tons (or approximately 14 million stems) to break the former 12-month record of 503,000 tons set in calendar 1957. Although general cargo totalled 4,515,961 tons, a 14 per cent drop from the record calendar year of 1957, general cargo imports reached 1,630,676 tons, a new high—New Orleans.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.027947.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 2	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01178	84.89	(1)
Austria	Schilling		.03745	26.70	
Australia	Pound		2.1864	.4574	
Bahamas	Pound		2.7330	.3659	
Belgium, Belgian Congo and Luxembourg	Franc		.01933	51.73	
Bermuda	Pound		2.7330	.3659	
Bolivia	Boliviano	Free	.0000851	11,745.36	
British Guiana	Dollar		.5694	1.76	
British Honduras	Dollar		.6833	1.46	
Brazil	Cruzeiro	General Category*	.004330	230.95	*July 19 (2)
		Special Category	.001966	508.72	
		Official selling	.05141	19.45	(3)
Burma	Kyat		.2043	4.89	
Ceylon	Rupee		.2050	4.88	
Chile	Escudo	Free	.9247	1.08143	(4)
Colombia	Peso	Certificate	.1451	6.89	
Costa Rica	Colon	Official	.1733	5.77	
		Controlled free	.1464	6.83	
Cuba	Peso		.9728	1.02796	tax 2%
Czechoslovakia	Koruna		.1351	7.40	
Denmark	Krone		.1412	7.08	
Dominican Republic	Peso		.9728	1.02796	
Ecuador	Sucre	Official	.06486	15.42	
		Free	.05689	17.58	
Egyptian Region, United Arab Rep.	Pound	Official	2.7935	.3579	
		Export account selling	2.4050	.4158	
El Salvador	Colon		.3891	2.57	
Fiji	Pound		2.4622	.4061	
Finland	Markka		.003040	328.95	
France, Monaco, etc.	New Franc		.1985	5.04	(5)
French colonies	Franc		.003970	251.89	(6)
French Pacific	Franc		.01092	91.57	(7)
Germany	D Mark		.2333	4.29	
Ghana	Pound		2.7330	.3659	
Greece	Drachma		.03242	30.84	
Guatemala	Quetzal		.9728	1.02796	
Haiti	Gourde		.1946	5.14	
Honduras	Lempira		.4864	2.05	
Hong Kong	Dollar	Free*	.1701	5.88	*July 22
		Official	.1708	5.85	
Iceland	Krona	Official	.02560	39.06	(8)
India	Rupee		.2050	4.88	
Indonesia	Rupiah	Official	.02161	46.26	(8)
Iran	Rial		.01284	77.87	
Iraq	Dinar		2.7239	.3671	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 2	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7330	.3659	
Israel	Pound		.5405	1.85	
Italy	Lira		.001568	637.75	
Japan	Yen		.002702	370.10	
Lebanon	Pound	Free	.3056	3.27	
Mexico	Peso		.07783	12.85	
Netherlands	Florin		.2580	3.87	
Netherlands Antilles	Florin		.5199	1.92	
New Zealand	Pound		2.7330	.3659	
Nicaragua	Cordoba	Effective buying	.1474	6.78	
		Official selling	.1379	7.25	
Norway	Krone		.1365	7.33	
Pakistan	Rupee		.2050	4.88	
Panama	Balboa		.9728	1.02796	
Paraguay	Guarani	Official	.007974	125.41	
Peru	Sol		.03590	27.85	
Philippines	Peso		.4864	2.05	
Portugal & Colonies	Escudo		.03395	29.45	(9)
Singapore and Malaya	Straits Dollar		.3189	3.13	
Spain and Dependencies	Peseta		.01621	61.68	
Sweden	Krona		.1886	5.30	
Switzerland	Franc		.2259	4.43	
Syrian Region, United Arab Rep.	Pound	Free	.2717	3.68	
Thailand	Baht	Free	.04597	21.75	(8)
Turkey	Lira		.1081	9.25	(8)
Union of South Africa	Pound		2.7330	.3659	
United Kingdom	Pound		2.7330	.3659	
United States	Dollar		.9728125	1.027947	
Uruguay	Peso	Free	.08515	11.74	(10)
Venezuela	Bolivar		.2904	3.44	
West Indies Fed.	Dollar		.5694	1.76	(11)
	Pound		2.7330	.3659	(12)
Yugoslavia	Dinar	Official	.003242	308.45	(8)
		Settlement rate	.001539	649.66	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Trade Commissioners on Tour

B. C. Butler

H. A. Gilbert

R. E. Gravel

H. S. Hay

H. L. E. Priestman

R. G. Woolham

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

B. C. BUTLER, Minister (Commercial) in London, England:

Fredericton—Sept. 26-27
Saint John—Sept. 28
Halifax—Sept. 29-30

H. A. GILBERT, Trade Commissioner in Bombay, India:

Montreal—Sept. 19-23
Thetford Mines—Sept. 26
Toronto—Sept. 28-Oct. 4

When he completes his tour, Mr. Gilbert will be posted to Melbourne, Australia, as Commercial Counsellor.

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela:

Montreal—Aug. 14-25
Quebec—Aug. 26-27

When he completes his tour and leave, Mr. Gravel will be transferred to Hamburg, West Germany, as Consul.

H. S. HAY, Assistant Commercial Secretary in Sydney, Australia:

Windsor—Sept. 6
Sarnia—Sept. 7
Tillsonburg—Sept. 8
Brantford—Sept. 8
Kitchener-Waterloo, Galt—Sept. 9
Guelph—Sept. 9
Toronto and district—Sept. 12-16, 19-20
Hamilton—Sept. 21-22
St. Catharines—Sept. 22
Welland—Sept. 23
Niagara Falls—Sept. 23
Montreal—Sept. 26-Oct. 4
Ottawa—Oct. 5-6

When he completes his tour, Mr. Hay will be posted to hea office in Ottawa.

H. L. E. PRIESTMAN, Consul General and Trade Commissioner in Manila, the Philippines:

Windsor—Aug. 15
Sarnia—Aug. 16
Winnipeg—Aug. 22-23
Vancouver—Aug. 29-Sept. 2

R. G. WOOLHAM, Assistant Commercial Secretary in Toky Japan:

Vancouver—Sept. 1-2
Calgary—Sept. 6
Winnipeg—Sept. 7-9
Ottawa—Sept. 12-23

When he completes his tour and leave, Mr. Woolham wi be posted to Paris, France, as Assistant Commercial Secretar

Businessmen who wish to see these officers should get i touch with the Board of Trade or Chamber of Commerce i the cities mentioned, with the following exceptions. In Toront Winnipeg and Edmonton, the Trade Commissioners mak their headquarters at the offices of the Canadian Manufacturer Association; in Windsor, Ontario, at the offices of the Greate Windsor Industrial Commission; in St. John's, Ottawa an Vancouver, at the Department of Trade and Commerce; i Victoria at the Department of Trade and Industry, and i Fredericton at the Department of Industry and Developmen

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AUGUST 27, 1960

foreign trade

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THE WEST GERMAN MARKET (pages 2-16)

foreign trade

Established in 1904

OTTAWA, AUGUST 27, 1960 Vol. 114, No. 5

cover A view over the busy port of Hamburg, one of Germany's leading seaports and trading centres, introduces a series of articles from our Bonn and Hamburg offices on the West German market. Canada's trade with West Germany has grown significantly in postwar years, as the reports show. For a review of our trading performance, some selling tips, and a forecast of future trends, see pages two to fifteen. —Photo courtesy Presse und Informationsamt der Bundesregierung.

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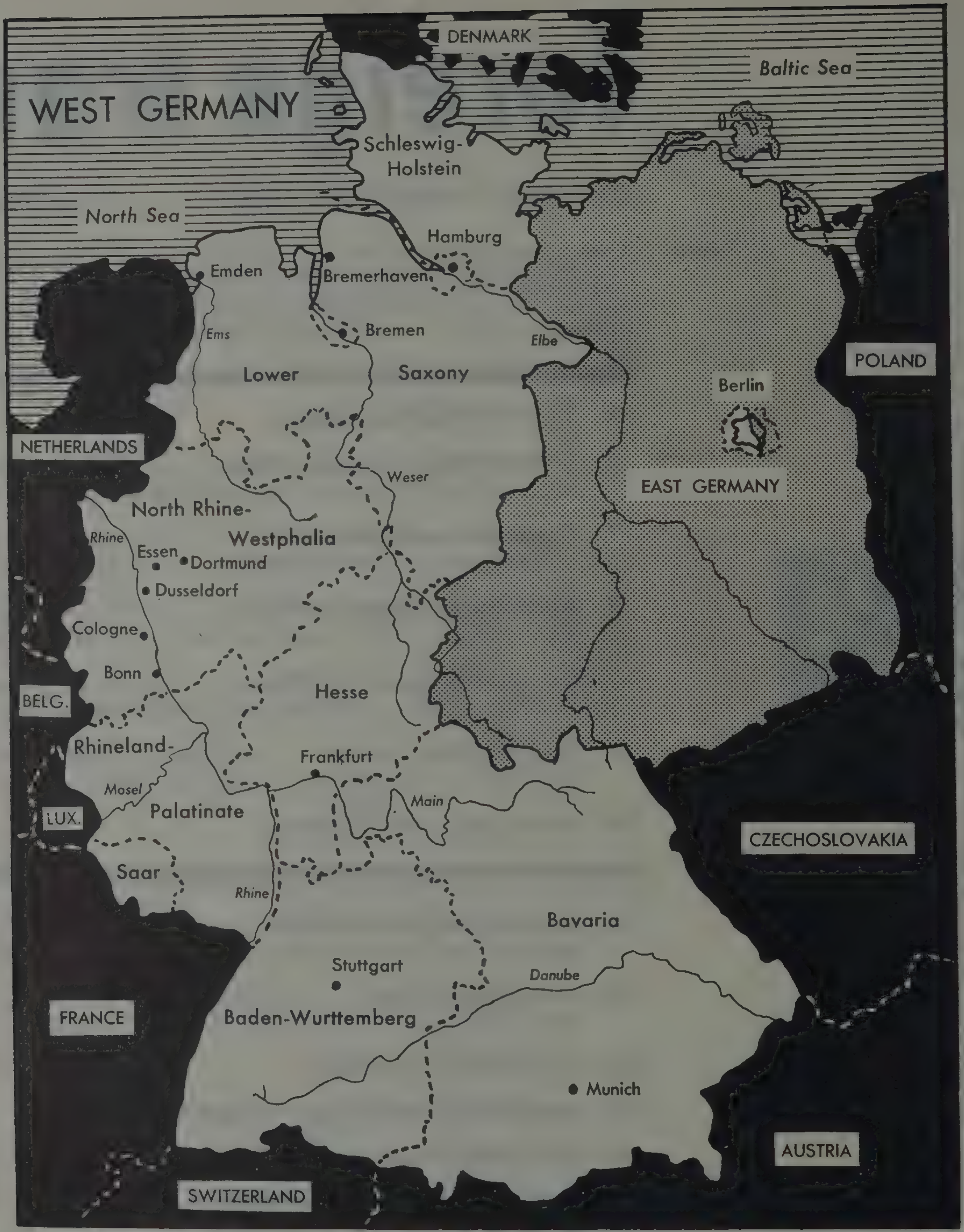
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SWITZERLAND

THE WEST GERMAN MARKET

West Germany in Brief

Area: *95,927 square miles (including West Berlin).*

Population: *55.2 million (including West Berlin).*

Climate: *temperate, with a winter appreciably shorter and milder than in Canada.*

Language: *although many officials and businessmen have a knowledge of English, correspondence and, more important, sales literature in German is preferable.*

Currency: *the Deutsche Mark, which is fully convertible for residents or non-residents. DM1.00=Can.$0.2318.*

Weights and measures: *metric system.*

Capital: *since the establishment of the Federal Republic in 1949, the provisional capital has been Bonn.*

Chief ports: *Hamburg, Bremen, Bremerhaven and Emden. Many German imports, especially of bulk materials, enter Europe at Dutch and Belgian ports and are transported by barge up the Rhine to destination.*

Marketing centres: *Hamburg (population) 1,797,000; Munich 1,017,000; Dusseldorf 679,000; Frankfurt 643,000.*

Economy: *a highly developed and rapidly expanding industrial economy, based to a large extent on foreign trade. Germany's main resources, apart from coal, are a diligent working force and capable, hard-working management. These resources she applies to imported raw materials, exporting a substantial part of the manufactured product.*

Total West German imports: *1958—DM31,133 million; 1959—DM35,823 million (DM649 per capita).*

Chief imports: *1959 (value in per cent)—foodstuffs and beverages 31.5; non-metallic minerals (including fuels) and metallic ores 13.6; non-precious metals and their products 12.2; textile fibres and their products 11.0; machinery, including electrical machinery 6.0.*

Chief suppliers: *1959 (value in per cent)—United States 11.5, Netherlands 9.2, France 6.5, Italy 6.4, Belgium and Luxembourg 5.1, United Kingdom 4.8.*

Value of imports from Canada: *1958—Can.$202 million (including $62 million worth of aircraft); 1959—Can.$130 million.*

Chief imports from Canada: *1959 (in per cent)—wheat 39.9; primary aluminum 11.0; asbestos fibre 5.2; primary copper 4.2; iron ore 4.0; nickel 3.0; aircraft engines and parts 2.9; flaxseed 2.6; wood pulp 2.5.*

Total German exports: *1958—DM36,988 million; 1959—DM41,184 million.*

West Germany in Brief

Chief exports: *1959 (in per cent)—machinery and equipment (including electrical) 26.6; motor vehicles 13. iron and steel and products 11.7; chemical products 9.6.*

Chief markets: *1959 (in per cent)—United States 9.4, Netherlands 8.6, Belgium and Luxembourg 6.2, Switzerland 5.9, France 5.8, Sweden 5.7, Italy 5.5. (Germany's seven leading customers account among them fo less than half of the country's exports.)*

Value of Canadian purchases: *1958—Can.$106 million; 1959—Can.$127 million.*

Chief Canadian purchases: *Canada's imports from Germany in 1959 extended over a very broad range o machinery, industrial chemicals and consumer goods. Automobiles, the outstanding item, represented 2 per cent of our total imports from Germany.*

Dollar exchange: *readily obtainable, in any amount, at any West German bank.*

Prices: *quotations in Canadian or United States dollars are acceptable. They should be c.i.f. German port, or this is not feasible, f.o.b. Canadian seaport.*

Samples: *those of no or negligible commercial value may be brought in free of duty. Other samples may com into the country against payment of a bond in the amount of the duty, which is refundable if the sample are re-exported within one year.*

Trade agreements: *West Germany, as a GATT signatory, exchanges most-favoured-nation treatment wit Canada. Germany also has bilateral trade agreements with a large number of countries and is a membe of the European Economic Community (Common Market).*

Import controls: *most non-agricultural products may be imported freely without any type of official authorization. Two exceptions of significance to Canada, raw aluminum and synthetic rubber, are scheduled to b liberalized by the end of this year.*

Many important agricultural products may be imported only against a specific import licence, whic when granted carries with it the right to purchase the necessary foreign exchange.

Correspondence: *only airmail should be used; normally takes four or five days. Rate, 15 cents per half-ounc*

For detailed information on this market write to: *European Division, International Trade Relations Branc Department of Trade and Commerce, Ottawa, Ontario.*

Commercial Counsellor, Canadian Embassy, Zitelmannstrasse 22, Bonn, Germany.

Consul, Canadian Consulate, Ferdinandstrasse 69, Hamburg, Germany.

Canada Shares in Postwar Boom

Remarkable recovery in West German foreign trade has created opportunities for Canadians; exports worth $129.6 million last year made this our fourth largest market.

J. A. STILES, *Commercial Counsellor, Bonn.*

WEST GERMANY'S foreign trade has almost quadrupled in value in the last ten years. This remarkable achievement has undoubtedly played a major part in her rapid postwar recovery. Between 1950 and 1959 exports increased fivefold—from 8.4 to 41.2 billion DM. Imports in the same period more than trebled—from 11.4 to 35.8 billion DM. The rise has continued in 1960, with exports for the first four months increasing by 24.1 per cent over January-April 1959, and imports up 25.7 per cent over the same period a year ago. New orders from abroad have been coming in at a higher rate than last year and it appears practically certain that West German trade this year will achieve a record.

TABLE I

GERMAN FOREIGN TRADE

	1950	1954	1958	1959
	(in billion DM)			
Exports	8.4	22.0	37.0	41.2
Imports	11.4	19.3	31.1	35.8
Balance	−3.0	+2.7	+5.9	+5.4

Apart from normal recovery, several factors account for this sharp rise during the past decade. Perhaps the most important is the determined and skilful efforts that German firms have made to recapture markets lost during the war. These efforts have been aided by price stability in Germany, export incentives granted by the Government, the increased demand for German goods at the time of the Korean war, and the generous financial assistance provided for the rebuilding of the German economy, particularly by the United States.

What Germany Sells

As a highly industrialized country with comparatively few raw-material resources, Germany traditionally has concentrated on producing and selling abroad fully manufactured goods. That this sales pattern still prevails is shown by last year's German exports: 82 per cent consisted of industrial finished goods, 11 per cent semi-finished products, 5 per cent raw materials, and 2 per cent foodstuffs.

Although the range of German exports is wide, there are only a few categories that decisively affect the over-all result. The most important of these are mechanical engineering products, chemicals, vehicles, electrical engineering products and iron and steel. All of these advanced strongly in 1959. The largest increases were in exports of chemicals (up 19 per cent), electrical engineering products (up 17 per cent), and vehicles (up 16 per cent).

Germany's Customers

Western Europe as a whole is Germany's largest export market and in 1959 took 61 per cent of German exports. The Netherlands was the most important single European market, absorbing 8.5 per cent of German exports, followed by France with 7.6 and Belgium with 6.3 per cent. However, the United States was Germany's largest individual market in 1959, buying 9.3 per cent of all German exports.

In recent years Canada has become an increasingly important market for Germany; in 1959 Canadians bought $126.6 million worth of German goods, or 1.2 per cent of German exports. This placed Canada seventeenth on the list of Germany's foreign customers. Cars and parts headed Canadian purchases ($37.7 million in 1959), followed by a wide variety of fully manufactured goods, including machinery and rolling mill products.

Imports Are Rising

International publicity in the last few years about the growing volume of Germany's exports has tended to overlook the appreciable growth in her imports. In fact, the German market is becoming more and more important to many foreign countries.

TABLE II

GERMAN IMPORTS

	1950	1954	1959
	(in billion DM)		
Foodstuffs	5.0	7.2	10.8
Industrial raw materials	3.4	5.4	7.9
Semi-finished goods	1.6	3.5	6.7
Finished goods	1.4	3.2	10.4
Total	11.4	19.3	35.8

The reader will note in the table above that in addition to the more than doubling of her purchases of foodstuffs and raw materials since 1950, Germany has become a substantial buyer of semi-finished and finished goods as the standard of living has moved steadily upward. This development is reflected in larger imports of cars, particularly from France and Italy, despite the fact that Germany itself is a large producer and exporter of motor vehicles.

The United States has become Germany's most important supplier in the postwar years and in the last six years has had an average share

TABLE III

GERMANY'S LEADING SUPPLIERS

	1954	1957	1958	1959
	(per cent of total imports)			
United States	11.6	17.9	13.6	12.8
Netherlands	8.1	7.6	8.4	9.0
France	5.8	5.6	5.7	8.3
United Kingdom	6.4	5.3	6.5	6.5
Italy	4.4	4.9	5.5	6.1
Belgium-Luxembourg	5.3	4.7	5.1	5.5
Sweden	4.7	4.7	4.5	4.3
Switzerland	3.6	3.3	3.7	4.0
Denmark	2.6	2.9	3.3	3.3
Austria	2.9	2.8	2.9	2.8
CANADA	2.0	2.4	3.1	1.9
Argentina	3.0	1.8	1.7	1.5

TABLE IV

CANADIAN EXPORTS TO WEST GERMANY, 1959

	(in $ million)
Wheat and other grains	54.0
Oilseeds	3.7
Wood pulp	3.4
Iron ore	5.3
Asbestos	8.5
Non-ferrous metals	27.2
Chemical products	4.8
Aircraft engines	3.7
Total	110.6
Total, including all exports	129.6

Figuring largely in our trade with West Germany are our purchases motor vehicles and sales of primary aluminum. Volkswagen cars an buses (above) from the great Wolfsburg works are awaiting shipmen below, Canadian aluminum ingots are delivered to a Göttingen plan

ALUMINIUMWERKE GÖTTINGEN G·M·B

of 13.9 per cent of German imports. The Netherlands and France usually occupy second and third position. In 1959 these two countries supplied 9 and 8.3 per cent respectively of Germany's foreign purchases.

Canada in recent years has ranked eleventh on the list of Germany's suppliers and since 1954 Canadian exports to this market have averaged $132.5 million. The bulk of our sales normally consists of a fairly small number of products. In 1959, for example, eight product groupings accounted for 85 per cent of our exports to Germany.

Impact of Common Market

German foreign-trade statistics are beginning to show the impact of the formation of the Common Market, embracing Germany, France, the Netherlands, Italy, and Belgium-Luxembourg. The first 10 per cent internal tariff reduction between these countries took place on January 1, 1959. Despite the fact that in 1959 only minor changes had to be made in the German tariff (because Germany had unilaterally reduced her tariffs 25 per cent in 1957), the Common Market countries were able to step up their sales to Germany substantially, as Tab III confirms.

This trend has continued in t first four months of 1960. G many's purchases from the Co munity in this period were 41 p cent higher than for the same peri a year ago; the Community's sha of German imports rose from 2 to 30 per cent. It is evident that t ormation of the Common Market s having an important psychological ffect and that exporters in the Community are adjusting themselves o things to come. On July 1, 1960, he second internal 10 per cent ariff reduction took place and a hird cut of 10 per cent is scheduled or the end of this year.

Germany's exports to the Comunity have also been increasing, lthough at a slower rate. In the rst four months of 1960 exports o the Community rose by 29 per ent compared with the same period n 1959.

Further evidence of the adjustent taking place is the increasing umber of sales and service arrangeents being made between manuacturers in different countries ithin the Common Market. The utomobile industry is a case in oint, with some German car producers agreeing to act as general gents for the importing of French ars in return for similar arrangeents for German cars in France.

oncern over EFTA

The formation of a free trade rea (EFTA) between Britain, weden, Norway, Denmark, Ausia, Portugal and Switzerland on uly 1, 1960, is currently causing oncern in German foreign trade rcles. German exporters supply pproximately as much to the FTA countries as to the countries the Common Market. Germany therefore anxious to work out me arrangement which will prent Europe from being split into o rival trading blocs, discriminatg against each other. The coming to force of the first adjustment wards the Common Market exrnal tariff is due to take place at e end of this year and it is prob-le that Germany will make strong forts in the next six months to ach a compromise that will enable ditional trade flows to be mainned.

There are good prospects that tal German-Canadian trade will crease in the future, despite Gerany's membership in the Common Market. It is likely, however, that Canada will not continue to have the large export surpluses in its trade with Germany that have characterized the postwar years. The growing strength of German industry indicates that German exports to Canada will probably rise steadily.

The German demand for Canadian foodstuffs and industrial raw materials should remain strong in the next few years. The sales outlook for metals and minerals appears particularly bright, provided that we can remain competitive with other foreign suppliers. Prospects for Canadian manufactured goods are less favourable, particularly as some German tariffs on manufactured goods are scheduled to be increased as a result of the coming into force of the Common Market external tariff. This situation could well be altered for the better, however, as a result of international tariff negotiations planned for this fall. On the whole, Germany's increasing requirements of industrial raw materials should ensure a rising volume of Canadian sales to this market in the future. ●

Canadian Exporters and List "G"

G. F. MINTENKO, *Assistant Commercial Secretary, Bonn.*

THE letter "G" acquired a new significance for Canadian exporters to West Germany following the signing of the Treaty of Rome in March 1957, establishing the European Economic Community (Common Market).

The Treaty laid down that, in principle, the future common tariff of the Community would be at the level of the arithmetical average of the duties applied in the Community's four customs territories—West Germany, France, Italy and Benelux. But it also provided for a number of exceptions to this general rule. The most important of these from the Canadian point of view were enumerated in an appendix to the Treaty known as List "G". The tariff rates for these products were to be arrived at by negotiation among the Common Market's member states. The ensuing negotiations were protracted but resulted in agreement in February 1960 on all List "G" items except petroleum. The result is that, as the German tariff approaches the eventual common tariff, (a process which is scheduled to begin at the end of this year), the terms of entry into the German market for several important Canadian exports will be changed. Of course, these proposed rates will be examined and renegotiated at the GATT Tariff Conference opening on September 1, 1960.

The List "G" item most important to Canada, from the point of view of volume at least, is aluminum; in 1959 exports totalled $14.3 million. The present German tariff on aluminum is 7 per cent, but a duty-free quota provision has meant that most of Canada's aluminum shipments to Germany in recent years have been free of duty. The eventual EEC tariff on this metal will be 10 per cent but Germany (and Benelux) have obtained the right to establish annual tariff quotas enabling them to bring in their import requirements at a 5 per cent rate.

Unwrought magnesium (Canada's 1959 exports were valued at $1.5 million) comes into Germany duty-free at the present time. The common tariff will be 10 per cent.

Lead and zinc metals, free under the German tariff, will be subject to a duty of three-fifths of a cent (U.S.) per pound. But Germany is entitled to establish annually a duty-free quota for up to 20 per cent of its industrial requirements.

Lead and zinc ores, like synthetic rubber, will remain free of duty when the common tariff is instituted.

Sulphur, sublime or precipitated, which now enters Germany free, will be subject to a 10 per cent duty under the Common Market tariff.

Sulphate pulp, free under the German tariff, will pay a 6 per cent duty under the proposed EEC tariff. Germany does, however, have the right to establish duty-free quotas to the extent of its import requirements.

It is difficult to predict just how much Canada's exports will be affected by these changes in terms of entry. Many List "G" items, such as aluminum, are produced in the Community in quantities that fa short of local needs. Only time wi tell whether the EEC tariff, in com bination with other factors, wi bring about greater self-sufficienc in the Community.

A number of materials importar in Canada's export trade to Ger many are *not* included in List "G' Copper, nickel and asbestos, for ex ample, were subjected to the tarif averaging procedure and will i future be imported, as they are now duty-free. •

Agricultural Imports Bulk Large

Big demand for wheat (including durum), other grains, oilseeds, etc., makes Germany a sizable customer for Canadian farm products. Agricultural policy within EEC may affect market in the long term.

W. J. O'CONNOR, *Assistant Commercial Secretary, (Agriculture), Bonn.*

WEST GERMANY imported $3.3 billion worth of agricultural products in 1959. The main commodities, in order of importance, were fresh fruit, coffee, cotton, wool, edible oilseeds, wheat, eggs, meat and tobacco. Imports of these nine products were valued at over $1.7 billion, slightly more than half the total. The accompanying table shows German imports of selected agricultural products in the last three years.

About 40 per cent of Germany's total imports consist of farm products. The Netherlands and the United States are the main suppliers, followed by Denmark, Italy, France, Argentina and Canada.

Germany buys large quantities of fresh fruits, eggs, vegetables, grain, dairy products and wine from Common Market countries. Approximately one-quarter of her agricultural imports come from this area, and the Common Market countries have become increasingly important as a source of food for Germany's large and prosperous population. In 1959 Germany's agricultural imports rose 13 per cent above the previous year, but agricultural imports from Common Market countries were up by 24 per cent.

Imports from Canada

Canada's exports of farm products to Germany reached $67 million in 1959. Only the United Kingdom and Japan outrank Germany as markets for Canadian wheat and Canada is the main source of German wheat imports.

The German market for durum wheat is of particular interest to Canadian farmers. Consumption now exceeds 300,000 metric tons a year and is expanding; some two-thirds of this in recent years has been imported from Canada.

Germany is also a good mark for Canadian oilseeds (see artic on page 10 of this issue) and f forage seeds.

Agricultural Imports Restricted

Sales prospects in Germany f Canadian farm products vary i versely each year with the size of t domestic crop. There is a trend t wards increased production, b output fluctuates widely from ye to year according to weather a other environmental conditions. T policy of the German Governme has been to use up local suppli before permitting imports.

The Government has also unde taken to bring farm income up to level comparable with that of indu trial workers. It realizes, howev that production per farm worker low, chiefly because many plots a too small and too scattered to farmed efficiently. The Governme allocates large sums of money ea year for farm consolidation a general structural improvemen but a situation that developed o centuries cannot be corrected in few years. In the meantime, hi price supports and direct subsid are being used to raise farm incon Because farm prices are support

WEST GERMAN IMPORTS OF SELECTED AGRICULTURAL PRODUCTS

	1957	1958	1959
	(thousands of U.S. dollars)		
Wheat	216,800	154,500	160,200
Barley	86,000	78,800	88,400
Oats	14,600	16,800	24,000
Edible oilseeds	157,400	156,100	170,100
Vegetable fats and oils	80,800	57,700	65,700
Oil cake	36,700	45,000	69,900
Seeds (other than oil)	16,700	12,700	13,000
Canned fruits and vegetables	45,000	49,000	55,300
Tropical fruit	181,000	216,500	204,400
Other fresh fruit	160,900	158,200	183,400
Vegetables and herbs	85,800	82,200	99,900
Tobacco	101,700	104,000	104,300
Spirits	2,600	8,100	5,100
Wine	43,800	49,700	46,600
Total products of plant origin, including all others	2,273,400	2,049,100	2,219,400
Livestock	76,800	102,000	141,500
Meat and meat products	97,100	104,000	160,100
Eggs	156,200	157,600	160,300
Furskins	35,400	39,900	48,500
Hides and skins	83,600	67,300	98,300
Total products of animal origin, including all others	983,100	871,300	1,089,500
Total agricultural products	3,256,500	2,920,400	3,308,900

Source: Federal Statistical Office.

PRINCIPAL AGRICULTURAL EXPORTS FROM CANADA TO WEST GERMANY

	1957	1958	1959
	('000 Can.$)		
Quality wheat	42,800	36,500	40,500
Durum	10,700	11,000	11,200
Barley	8,000	1,200	700
Oats			1,300
Flaxseed	4,200	1,900	3,400
Rapeseed	2,800	3,200	300
Mustardseed	300	300	200
Alsike clover seeds	400	400	300
Other grass and clover seeds	40	200	100
Canned fruits and vegetables	70	300	300
Fresh apples	100	400	100
Tobacco	1,500	1,100	1,500
Whisky	1,300	600	800
Furskins	500	400	500
Cattle hides and skins	2,000	1,800	1,600
Eggs		600	1,500
Miscellaneous	2,900	2,700	3,300
Total Canadian agricultural products	77,600	62,600	67,600
As a percentage of total Canadian exports to West Germany	51%	30.5%	52%

Source: *Trade of Canada*, Exports.

at a high level, the German Government has restricted lower-cost imports through a system of quotas and import licences.

Some progress has been made in removing quantitative restrictions, and further liberalization is scheduled. However, the Government has made no commitment on the liberalization of various other agricultural products that are of particular interest to Canada.

In both Germany and Canada the agricultural land lies in the temperate zone and the products grown tend to be similar. German farmers are reluctant to face competition and the West German Government has not yet removed the restrictions on imports of products under Marketing Laws that were in effect before Germany became a member of the GATT. Four groups of products are covered by the Marketing Laws—grains and feedstuffs, sugar, dairy products and fats, and cattle and meat.

Nevertheless Germany is only 70 per cent self-sufficient in food production and imports of practically all agricultural products are essential. Quotas for products still under control are established periodically and their size depends on the domestic supply position. Announcements of import possibilities normally specify conditions the importer must meet before a licence is granted. Frequently the period of time in which applications will be received is very short.

The Outlook

The market for agricultural exports to Germany in the future will be determined by the common agricultural policy to be adopted by the European Economic Community. One of the key questions yet to be decided is the future common level of grain prices. German grain support prices are 45 to 65 per cent higher than the French and opposition has been voiced in Germany to any reduction in the support level.

German agricultural circles have indicated that they would welcome an extension of the present German system to the other Common Market countries. If this happened, production would almost certainly increase and the market for third countries would be smaller. However, the agricultural arrangements of EEC remain to be resolved. In any event, the Common Market is not expected to have much effect on Canadian agricultural sales to Germany during the 1960-61 crop year and probably not for several years after.

In the meantime, Germany remains a large importer of agricultural products. Import restrictions on some products have been removed. For example, on July 1, 1960, imports of most of the remaining grass and clover seeds of interest to Canada were liberalized. Reasonably generous quotas for other products are established from time to time. Firms wishing to participate in these quotas should make sure that they have an alert and reliable agent who is able to obtain the required import licences. ●

Canadian Oilseeds Find Buyers

Big German demand for oilseeds and vegetable oils means opportunities for Canadian growers, particularly of rapeseed, flaxseed and mustardseed.

W. J. O'CONNOR, *Assistant Commercial Secretary, (Agriculture), Bonn.*

WEST GERMANY is one of the world's largest importers of fats and vegetable oils. Domestic production of butter and other animal fats may soon be sufficient to meet requirements, but there is a growing demand for oilseeds and vegetable oils. The market for rapeseed and flaxseed is of particular interest to Canadian exporters.

Rapeseed Imports Vary

The only oilseed that German farmers produce in quantity is rapeseed. Although farmers are guaranteed a fixed price which is considerably above world levels, production is not large. In the five years 1955-1959 it averaged 49,000 tons. Last year the support price was reduced from DM750 to DM660 per metric ton and acreage declined sharply. The decline was, however, more than offset by exceptional yields and 59,000 tons were harvested. The 1960 crop may be almost as large. Yields are expected to be good and the area seeded, at 76,000 acres, is 10 per cent greater than in 1959.

Import possibilities vary greatly from year to year and depend more on the price relationship in world markets between rapeseed and competitive products such as soybeans than on the size of the German crop. In 1957 Germany imported 28,500 tons of rapeseed. Prices were relatively more favourable in 1958 and imports rose to a record 89,000 tons. However, in 1959 soybean prices declined and only 18,000 tons of rapeseed were imported.

In recent years Canada has become the main supplier of rapeseed to Germany, delivering 13,000 tons in 1957 and 64,000 tons in 1958. Last year the figure dropped to 13,000 tons again. Sweden, formerly the leading exporter, now ranks second, but is still the chief exporter of rapeseed oil to Germany and supplies over half of the total quantity imported, which ranges from 4,000 to 6,500 tons a year.

Practically all domestic and imported rapeseed and rapeseed oil is used in the production of salad oil. Although rapeseed oil was the main constituent of the margarine made in Germany during the war, most margarine manufacturers now have a strong preference for other vegetable oils. Margarine manufacturers are required by law to purchase a quantity of domestic rapeseed equal to 5 per cent of the total vegetable oils they use. Most of them resell it to salad-oil processors. The latter industry is growing rapidly an
could use even larger quantities c
rapeseed if prices were more favourable. A senior member of one larg
vegetable-oil processing firm estimated that Germany could consum
300,000 tons of rapeseed a year bu
stressed that price was the determining factor.

There are 20 mills in West Germany that crush rapeseed. Most c
them import directly but there ar
also a number of import firms dealing in rapeseed and rapeseed oi
There are no restrictions on rapeseed imports and no duties ar
levied.

Soybeans, Mustardseed

A very large proportion of Germany's total imports of fats, oil
and oil-bearing materials consists c
soybeans. Their importance is evident from the table below.

The United States is the mai
supplier of soybeans, but import
from Communist China reache
226,000 tons last year. Canada supplied 3,000 tons, slightly more tha
in previous years, but soybean-o
imports from Canada, which ha
reached 13,000 tons by 1956
dropped from the 1958 figure c
2,730 tons to only 203 tons. Soy

GERMAN IMPORTS OF FATS AND OILS

	1957	1958	1959
	(in metric tons)		
Soybeans	627,000	617,000	903,000
Copra	337,000	249,000	163,000
Palm nuts and palm kernels	81,000	116,000	133,000
Peanut kernels	33,000	88,000	60,000
Rapeseed	29,000	89,000	18,000
Cottonseed	42,000	25,000	31,000
Sunflowerseed	22,000	19,000	23,000
Mustardseed	6,000	7,000	11,000
Others	38,000	18,000	29,000
Total oil-fruit imports	1,215,000	1,228,000	1,371,000
Total vegetable-oil imports	397,000	341,000	380,000
Total fish-oil imports	148,000	143,000	145,000
Total animal-fat imports	56,000	47,000	63,000

A Canadian-made swather slices through a lush crop of German rapeseed, the only oilseed crop that West Germany grows in any quantity. Although the acreage shown is quite low by our standards (76,000 this year) yields are exceptionally high (59,000 tons were harvested in 1959). Production does not meet local needs, however, and some rapeseed must be imported. Canada has become the leading supplier to this market, with 64,000 tons in 1958 and 13,000 last year.

—Peter Heinrichs, Bonn-Ippendorf.

bean oil is used mainly in the production of margarine and salad oils.

The German mustardseed market is also of interest to Canadian exporters. Total imports increased in 1959 but Canada's share declined from 1,900 to 1,000 tons. The other main suppliers are Denmark, the United States and Italy. Although the United States and Italy compete with Canada on the German market, both these countries are substantial importers of Canadian mustardseed.

Flaxseed

Germany is also an important outlet for Canadian flaxseed. Canadian sources indicate exports to Germany of 39,000 metric tons in 1957, of 15,000 in 1958, and 7,000 in 1959. German import statistics record no flaxseed imports from Canada in the last two calendar years. According to the German Vegetable Oil Mills Association, the discrepancy is explained by the fact that most of the Canadian flaxseed destined for Germany is crushed in the Netherlands. Before 1939, the quantity of flaxseed crushed in Germany each year varied between 556,000 and 183,000 tons. This compares with the postwar high of 22,000 tons in 1951 and 4,000 to 6,000 tons in recent years. Imports of linseed oil have risen and are now five to six times as large as they were before the war. In the last five years they have held fairly constant and have averaged 85,000 tons a year. The United States, Argentina and the Netherlands are the main suppliers.

The linoleum industry imports directly and takes about half of the total quantity consumed. The paint and varnish industry continues to use large quantities of linseed oil, although synthetic substitutes have cut into the market. On the other hand, linseed oil is now being employed in the production of artificial resins.

The consumption of industrial oilseeds in Germany remains fairly stable; edible oilseed consumption is expanding. Domestic production is slight and there are no restrictions or duties on imports. Present indications are that the Common Market will not adversely affect German imports from third countries. Germany should therefore continue to be an attractive market for Canadian oilseeds.

For Further Reading

The following articles on West Germany have appeared in *Foreign Trade* during the past year:

"West German Market for Forest Products", September 12, 1959.

"Retail Grocers Reorganize", September 26, 1959.

"Market for Paints and Varnishes", January 2, 1960.

"What West German Farmers Produced", January 16, 1960.

"You Can Sell Frozen Foods to Germany", February 27, 1960.

"The Egg Market in West Germany", June 18, 1960.

Report on business conditions, July 2, 1960.

How and What to Sell

Obtaining business in the face of stiff competition calls for careful attention to the techniques of trading.

J. A. STILES, *Commercial Counsellor, Bonn.*

CANADIAN exporters who are interested in selling to West Germany will find German sales channels for imported goods very similar to those in Canada. Depending on the product, purchases from abroad are normally arranged directly with local importers, through brokers carrying stocks on their own account or on consignment, or through resident commission agents. The latter has in the past been the method most frequently used by Canadian suppliers.

There are several ways of obtaining suitable representation in West Germany. First, the Canadian Government trade offices in Hamburg and Bonn are in touch with many local firms and are always glad to advise Canadian exporters on the selection of an agent. In addition, there are regional associations of commission agents which are prepared to publish in their membership bulletins requests from foreign firms seeking representation. The numerous German trade associations and Chambers of Commerce can frequently help. Still another method is to advertise directly in appropriate German trade magazines and newspapers.

Select Agent Carefully

Great care in selecting the right agent is, of course, most important. The Hamburg and Bonn Canadian trade offices are in a position to furnish reports on local firms. So are Canadian banks, many of which have correspondents in this country. Some of the larger credit agencies in Canada are affiliated with similar organizations in West Germany a can supply credit and other inform tion. The experience of other Ca dian firms who have been export to Germany for some time can of be useful to companies contemp ing entering this market for the f time.

Once you have selected y agent, every effort should be m to give him all possible support. addition to providing complete c on the product to be sold, you get him off to a good start advising him about your firm's perience in selling to other co ries, what type of customer is li to be interested, special sel features, etc. You should fol closely the agent's advice on l customs documentation, price c tation, marking, packing method of shipment.

Remember that you are at l three thousand miles away and y agent, in addition to obtaining order, has the important task convincing the German custo that you are able to provide pro

For a number of years Canadia have used the trade fair, a long- established selling institution in Germany, to promote their pro in the West German market. H at the first EEC Fur Fair, held Frankfurt last April, Dr. Nau President of the German Fur Trade Association, (centre) ex amines prime pelts at the Can stand. Facing Dr. Nauen on th right is J. A. Stiles, Commer Counsellor in Bonn.

delivery and service. This means you should give close study to the best way of getting your product to this market quickly and at the least expense. In some instances, transportation by air may be the most practical and economical method and should be carefully considered.

West Germany has definitely become a buyer's market and letter-of-credit payment terms are consequently very difficult to obtain. Selling terms here vary from product to product and with the standing of the customer, but the most prevalent is cash against documents. Canadian firms wishing to protect themselves against credit risks can secure coverage through the Export Credits Insurance Corporation (head office in Ottawa and branch offices in Montreal and Toronto).

Marketing Areas

West Germany has five main marketing areas.

1. The northern region, centred around the ports of Hamburg and Bremen and generally considered to be the principal importing area. Many firms in these two cities have long specialized in import trade and a good percentage of the Canadian exporters now selling to Germany are represented by companies located in one of the two.

2. The heavily industrialized Ruhr area, with its centre in Duseldorf.

3. The area around the city of Frankfurt, an important financial and industrial centre.

4. The South German marketing area, which includes the cities of Munich and Stuttgart.

5. The city of West Berlin, with its population of two-and-a-half million.

Some local agents confine their ctivities to one or two marketing reas. This means that in selecting n agent it is important to ascertain hether he can give complete coverge of West Germany, either dictly or through sub-agents. It may ometimes be necessary to appoint more than one representative in order to obtain maximum results.

If You Want to Sell in West Germany . . .

Do

—try to correspond in the German language wherever possible. Even a compromise—you writing in English or French and your correspondent replying in German—can help to develop a better relationship.

—quote prices to your agent and your German customer on the basis of c.i.f. German port or, at the very least, f.o.b. Canadian port.

—try to supply sales literature in German.

—follow your agent's shipping instructions carefully.

—consider the possibility of exhibiting your product at a German trade fair. There is a good chance that many of your customers will be there. So will your competitors.

Don't

—expect all Germans to speak and write English. Many do, but a good percentage do not.

—overlook the fact that the metric system is in general use here. Converting measurements to this system will frequently mean more detailed consideration of your product.

—forget that the German Government trade offices in Ottawa, Montreal, Toronto, Winnipeg, Edmonton and Vancouver can supply information on the German market.

—overlook the value of acknowledging trade inquiries promptly by airmail. Seamail frequently takes three to four weeks to arrive.

One of the best ways of supporting your agent and at the same time obtaining a good knowledge of local sales possibilities is to visit this market personally. There are excellent facilities for transportation between Canada and Germany, as well as within Germany itself. The Canadian trade office in Germany can help you to set up your itinerary and to overcome the language barrier. Practically any season of the year is suitable for a visit, but perhaps the most useful times are in the spring and fall, when the German trade fairs are in full swing. The trade fair has had a long and successful history in Germany, and has developed into an important business medium that should not be overlooked.

It is also desirable to have your German agent visit your Canadian plant whenever this is feasible. He will then have a much better appreciation of the product he is selling and its sales possibilities.

Growing Market for Imports

West German import statistics show clearly the vigorous growth in recent years in this country's foreign purchases. The range of German imports is also broadening as the standard of living moves steadily upward (since 1950 per capita income has increased by 129 per cent). For example, luxury goods which a few years ago could not be sold here are now being imported freely.

Germany is, of course, a highly industrialized country and many Canadian manufactured goods will have difficulty in competing with domestic production. There are exceptions, however, and a careful survey of the possibilities could well be worthwhile. An easy way to test the market is to send descriptive literature and prices c.i.f. German port directly to local importers of similar products. The Canadian trade offices in Hamburg and Bonn will be glad to furnish lists of such importers upon request. ●

Advertising Abroad

In West Germany, newspapers and magazines take the biggest share of the advertiser's dollar; most of them are regional in character and copy must vary from one section of the country to another.

E. H. MAGUIRE, *Consul and Trade Commissioner, Hamburg.*

ADVERTISING in West Germany is a highly developed business, operating on much the same lines as in North America; the agency system is similar and with some exceptions the same media are used. The principal exceptions are that radio and television advertising are in their infancy and billboards are either not allowed or are severely restricted. On the other hand, film and slide advertising in movie theatres plays a much larger rôle.

Highly Organized Agencies

The advertising industry is made up of full-service agencies, partial-service agencies and straight space brokers. The full-service agencies, as their name implies, offer complete services—including planning, creative art and copywriting, translation, media selection and placement. Fourteen of the big full-service agencies, some of which are branches of well-known U.S. companies, are grouped into an association with regulations governing the conduct of business. The space brokers, of which there are hundreds, are usually connected with media in some form or other. Some of the agencies offer market-research services, either through their own facilities or in co-operation with firms specializing in this field. There are about a dozen marketing research organizations capable of covering the whole West German market.

The standard agency or brokerage charge for placement, which of course is paid by the publisher, is 15 per cent of the advertising rate. Charges for preparing copy, etc., are cheaper than in North America because of lower wage and salary rates, but standards of work are high. There is an organization called the I.V.W. which performs functions similar to the ABC (Audit Bureau of Circulations) in the United States and Canada. Most important West German newspapers and magazines subscribe to this organization.

The following table illustrates how expenditures for advertising have grown in West Germany since 1952 and underlines the importance of newspapers and magazines as media.

GERMAN ADVERTISING EXPENDITURES

	1952	1956	1958
	(million DM)*		
Daily newspapers	333.3	688.5	991.4
Magazines	173.4	390.1	556.4
Film advertising	42.0	67.0	75.0
Placards, posters	37.2	61.7	67.9
Radio advertising	20.9	32.1	42.4
TV advertising		0.2	12.0

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*DM4.31=Can.$1.00.

Direct mail advertising, which is the third most important form in West Germany, is not included in the table because total expenditures have not been estimated. There are firms that specialize in the preparation and sale of mailing lists.

Regional Variations

In considering means of advertising in this country it should b remembered that habits and customs vary from region to region The North German, for instance, i quite different from the Bavarian and copy has to be prepared an media selected with this in mind. I addition to the large metropolita centres of Berlin, Hamburg an Munich, there are over 3,200 medium and smaller-sized cities i West Germany. Out of 55 millio inhabitants in the Federal Republic 25 per cent are country dwellers.

Almost 19 million copies c newspapers are printed every day i West Germany though only 3 dailies have circulations of ove 100,000. Average circulation is, i fact, only about 17,000. Dail newspapers are overwhelmingl regional in character and are usuall paid for by subscription. There i also a "boulevard press"—tabloi newspapers sold on the street—an one newspaper of this type has circulation of over three million Only three newspapers can be considered national in the sense tha the large English dailies are, an two of these have high editori standards. There are, howeve about a dozen weekly newspape giving national coverage, with a tot circulation of about six million. Or of these has a circulation of 1.1 million.

Big Magazine Circulation

It is estimated that there are ov 5,000 magazines of the popular typ published in West Germany; the combined circulations total abo

120 million. These magazines include the so-called rotogravures, women's fashion, film, radio, television, cultural, political, youth, economic and business journals. The eight large rotogravure publications have circulations ranging from 450,000 to 1.3 million. They cater to a broad cross-section of the population and are nationally distributed. The illustrated radio magazines are closely related to the rotogravures; one magazine of this type has a circulation of over three million.

West Germany has many specialized trade, technical and other journals—about 3,500, in fact, with a total circulation of about 40 million. Some of them maintain high editorial standards and have international followings. Over 50 per cent of the subscribers to one journal dealing with the chemical industry live in foreign countries, despite the fact that it is printed only in German.

Posters, Airwaves, Films

Placards and posters are popular advertising media in West Germany, and there are about 60,000 places for displaying them. Some of these are cylindrical structures erected on city streets solely for this purpose. Public transport vehicles, railway stations, post offices, etc., also offer advertising space. But billboards of the type common in North America or displays on exposed sides of buildings are rarely seen in West Germany. Permission must be obtained from provincial or civil authorities and it is rarely given. No advertising of any kind is allowed on the main federal highways and autobahns.

Although there are 15 million radios and three million TV sets in use in West Germany, very little advertising is heard or seen. This is because the nine transmitting companies, all of which are government-owned, do not depend on advertising revenues. The companies are supported by fees collected each month from set-owners by the postman. The companies are controlled as monopolies by provincial parliamentary committees who have the power to decide whether or not advertising shall be accepted. In general, no advertising is permitted on radio stations operating in the former British zone of occupation, though there are short periods for advertising in the morning, noon, and evening over stations in the former U.S. zone. In contrast to the radio, all television networks carry advertising but for two 3-minute spots only, between 7.25 and 8 o'clock in the evening.

A draft law is before the Federal Parliament calling for the establishment of national networks for radio and TV on which advertising would be permitted. The subject is proving controversial, however, and the bill may not make headway.

The showing of films and slides to movie-theatre audiences is a popular form of advertising in West Germany, even in first-class theatres. There are 6,700 movie houses and audiences number 700 to 800 million a year. Film lengths vary from 20 to 40 meters, and many of them are elaborate and well made. This is a highly specialized business and advertisers can arrange for showings on a regional or level-of-income basis.

Special Regulations

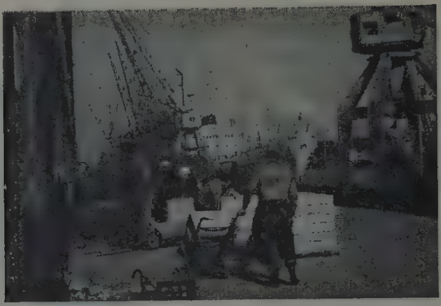
There are no peculiar or unusual local tastes and customs, colour taboos or prejudices that the advertiser need bear in mind. There is, however, a complex series of federal and provincial laws governing advertising. In general, the use of superlatives, comparisons of products, and misleading statements of any kind is not permitted. For example, a soap cannot wash "whiter". Copy prepared for the United States market and even the Canadian market often must be altered for use in this country. West Germany is party to the Madrid Trade Mark Convention and trade mark regulations are enforced.

The billboard as we know it is practically forbidden in Germany. Instead, advertisers place posters and placards on big cylinders put up on city streets just for the purpose.

The complexity of the laws governing advertising and the trade mark regulations alone make it desirable for Canadians wishing to advertise in this country to deal directly with a German agency or through a Canadian agency with suitable connections. Certainly all translations into German should be done on this side of the Atlantic.

Some Canadian firms have shown interest in advertising for labour in West Germany. All such advertisements must be submitted to the Federal Labour Exchange for approval which, for Canada, is not usually given.

Further information on advertising in West Germany may be obtained by writing to this Consulate. ●



Commodity Notes

Almonds

SPAIN—Almond exports from Spain during 1959 totalled slightly less than 23,500 tons, valued at over 600 million pesetas. This was down from the record year 1954, when shipments totalled 32,500 tons but fetched only 167 million pesetas. Almonds were shipped to 39 countries, principally Britain, which bought more than 4,500 tons valued at 126 million pesetas, followed by France and Germany, with more than 3,500 tons each. Other markets included Mexico, Chile, Brazil, Canada and Cuba. Almond production is expected to rise in Spain because it is under the protection of the Government. It is planned to extend acreage under cultivation and group varieties produced into specific areas—Madrid.

Automotive Parts

INDONESIA—A DLF loan of U.S.$2.6 million recently granted to Indonesia will be used by N.V. Indonesian Service Co. to build an automotive parts plant in Djakarta. It will make body parts and truck and jeep components under individual licensing agreements with Willys Motors Inc. and Chrysler Corporation—Djakarta.

Bleached Board, Paper

UNITED STATES—The St. Regis Paper Company, Pensacola, is now making bleached board and paper of increased brightness and strength in its No. 1 mill at Pensacola, Florida. The new development is the result of a chlorine dioxide system that went into operation last May, and is the fourth stage in the kraft bleach plant that supplies pulp to two paper machines.

This is the second recent major improvement in bleached board qualities at the Pensacola mill. The first was the installation of coating equipment, which resulted in better printing qualities—New Orleans.

Electric Power

NORWAY—Plans have been prepared by the Norwegian Government for extension of the big hydro-electric power plant at Tokke in the south of Norway. Construction of two main transmission lines is also being planned, one to connect the electric power system of east Norway with that of west Norway, and the other to connect the power systems in east Norway with those in Sweden. The cost of this project is expected to total more than Kr.400 million, and wil probably be financed by a loan from the World Bank. A new hydro-electric power plant is also to be built in the district of Tromsø. It will generate about 600 million kwh. a year, and the cost of construction is estimated at about Kr.125 million—Oslo.

Lightweight Paper

ARGENTINA—A local paper manufacturer, Messrs Papelera Hurlingham S.A., has imported Swedish machinery for making lightweight paper for use as frui wraps. Planned production would cover Argentina's entire requirements of this type of paper—Buenos Aires.

Lumber

NEW ZEALAND—The highest output of sawn lumber in the industry's history was recorded during the year ended March 31, 1960, when New Zealand sawmills increased production by 9 per cent over the previous year. For the first time exotic lumbers (introduced species) were more important in volume than native tree timbers, accounting for 51.2 per cent of output.

Production reached 693.8 million board feet, compared with 636.8 million in 1959. Exotic pine wa the principal commercial species (339 million boar feet) followed by the native rimu (231.5). New Zealand-grown Douglas fir lumber production totalle 12.6 million board feet, almost double that of an previous year—Wellington.

Oil Cleaner

SWEDEN—A new type of emulgator for fighting oi pollution has been developed by the large Swedish M och Domsjö forest product and chemical group. It i known as Berol EMU-79 and may be a cheap an efficient means of cleaning shores as well as preventin oil discharged at sea from remaining on the surface.

The emulgator, derived mainly from sulphite alcohol, instantly dissolves the oil to a milky, non-stick

quid which is washed away by water. It is said that
e cost of cleaning oil from a large tanker can be
ut as much as 90 per cent by using this product, and
e cleaning of oil-polluted shores is quoted at one-
fth of a U.S. cent per square metre—Stockholm.

otatoes

EYLON—The Department of Agriculture sees a
right future for potato production in Ceylon to replace
nports, now running at about 40,000 tons a year.
ccording to a recent survey, the yield per acre in the
uwara Eliya district is about 5 to 5½ tons. It is esti-
ated that 10,000 acres cultivated twice a year will
roduce enough potatoes to meet total requirements;
er capita consumption is only 9.4 pounds a year.
rincipal suppliers of potatoes to Ceylon are Italy,
dia, Egypt, Netherlands, Cyprus, Communist China
d France—Colombo.

ottery

AMAICA—The old British pottery firm, Royal
orcester Ltd., has recently announced plans to estab-
sh a plant for making pottery, tiles and high-grade
ina from Jamaican clays. The company will have
capital of £500,000. Its eventual output is estimated
£1 million worth of pottery a year for sale on
omestic and foreign markets. The firm will begin
oduction in about 18 months and will employ about
000 workers—Kingston.

efrigerators

NDIA—The well known Kelvinator name will be
en on Indian-made refrigerators by early 1961 if its
w factory is completed on schedule. Kelvinator of
e United States is collaborating in this project with
Indian firm, Electronics Ltd. of New Delhi. Plans
ll for annual production of four thousand 9.3 cubic-
ot domestic refrigerators, as well as 30,000 compres-
rs, not previously manufactured in India on a
mmercial scale. Although capacity of the four existing
ctories is about 13,600 units a year, actual production
s lagged far behind, largely because shortage of
reign exchange has restricted import of essential com-
nents, especially compressors—New Delhi.

allops

NITED STATES—The U.S. Fish and Wildlife Serv-
has discovered a scallop bed 125 miles long—
ending from Fort Pierce north to Daytona Beach
that authorities say could be the beginning of a
lti-million-dollar Florida industry. Commercial con-
trations of the scallop were found over a 1,200-
are-mile area, about 15 to 20 miles offshore.

An official report by the Service's Bureau of Commercial Fisheries said the bed covers "an area apparently more extensive than any previously known scallop bed in the world"—New Orleans.

Seaweed Extracts

SOUTH AFRICA—A company has been formed to make a range of pharmaceuticals from South African seaweed extracts. It is called CX (Proprietary) Ltd. and obtains its raw material—ecklonia maxima—from Sea Plant Products (Pty.) Ltd. of Cape Town, which for some years has exported milled seaweed for industry from eleven factories on seaboard. Ecklonia maxima is refined and converted into rheumatism powder and tablets, eczema lotion, and other natural sea remedies—Cape Town.

Tape Recorders

NORTHERN IRELAND—Grundig & Co., West Germany, manufacturers of radio equipment, etc., contemplate opening in the near future a factory near Belfast to make tape recorders and dictating machines. Machinery for the plant will be obtained from Britain and West Germany—Dublin.

Uranium

AUSTRALIA—Uranium prospecting in Australia is much less active than a few years ago, though aerial and ground surveys are continuing. Deposits other than those being worked at present are known and in some cases have been tested. But Australia's reserves of uranium oxide—at least those known at present—are small by world standards at an estimated 10,000 tons.

Export of uranium is under strict Commonwealth Government control. The two government-owned mines (Rum Jungle and Radium Hill) are under contract to supply oxide to the Combined Development Agency, which is a joint Anglo-American purchasing organization; the three private companies sell under contract to the United Kingdom Atomic Energy Authority. However, last July the Government modified the restrictions so that small quantities of oxide may now be shipped to countries other than Britain and the United States. Markets are assured at present but existing contracts will expire during the next few years, the last by 1966—Sydney.

Index to *Foreign Trade*

The index to Volume 113, of Foreign Trade, *covering the issues from January 2, 1960, to June 18, 1960, has now been printed. Readers who wish to have copies should write to the Editor.*

Exploring the British Market

E. G. GERRIDZEN, a textiles expert from Trade and Commerce, who spent two months studying what and how the British buy, discusses how Canadians can increase their sales in this reopened market. Mr. Gerridzen is Assistant Chief of the Textiles and Consumer Goods Division, Commodities Branch.

WHEN the Department of Trade and Commerce sent me over to London late in April for a two-month tour of duty, it was with a single objective in mind—to study and assess the British market for Canadian textile products and particularly for women's and children's clothing.

The time was ripe for this mission. Last November the British scrapped import controls on most consumer goods and, at a stroke, presented Canadian manufacturers with sales opportunities long denied to them.

Canadian firms wasted no time in exploiting these opportunities. The British Government had no sooner, on November 9, 1959, announced the relaxations when eight Montreal dress firms, all members of the Montreal Dress and Sportswear Manufacturers' Guild, began planning an early-December showing of Canadian dresses at London's Washington Hotel. Their success (orders worth over $250,000) led the Guild to stage a second London showing, in the medium to higher price-range, during the first two weeks of June. This time the show was held in the Londoner Hotel and eleven Montreal firms participated. Again the objective was achieved, despite the fact that most of the buying had been completed for fall and that our strength does not lie particularly in this price range. Several individual Canadian manufacturers were promoting their own lines at about the same time and were also well satisfied with the results obtained.

Personal Research

In following up these initial efforts it was my task to investigate buying habits and consumer tastes in Britain and the competition that Canadians must meet and match. I was also instructed to determine the reaction to Canadian textile items already on sale there and to judge whether or not we are cultivating this market in the right way. This knowledge, once acquired, would be passed on to the clothing and textile industries back home.

To carry out this market research required a good deal of legwork—as I soon found out. Like a patient sleuth, day after day for two months I visited department stores, dress shops, and specialty shops. I looked at window displays, examined goods on sale, and talked to merchandising managers, buyers and sales personnel.

London, with its tremendous buying power—equal to that in the whole of Canada—took up all my time and I felt that I did not even scratch the surface. Nevertheless, Glasgow, Manchester and Liverpo were included in my itinerary, ju to make sure that opportunities ou side the London area were n overlooked. Gradually the fac accumulated led to certain usef conclusions.

One fact helped me tremendous in surveying sales possibilities i Britain—my personal knowledge the country. I knew England fro prewar years, lived there duri the war, and had visited it three four times in the postwar years. Th meant that I could appreciate th startling change in the standard living in the last two years and i effect upon sales prospects whe import restrictions were finally r moved. I could compare "now" wit "then"; the current prosperity wit the previous austerity. My long a quaintance with Canadian texti producers also helped me to judg how far British demand could b satisfied by Canadian production.

Our Competitors

No assiduous or even casu shopper in London could fail to b impressed by the tremendous variet of merchandise that its stores carr So wide is the range in women clothing alone that each Londo shop aims at showing styles totall different from those its competito display. The stores are crowde with customers, especially youn office girls, and it is not at all u usual to see a store serving over thousand a day. More and mo impulse attention is being paid t fabric and design, rather than t faultless finish as a first consider tion.

Salesmen from many countri naturally flock to Britain to get share of this business. I saw dresse sportswear, sweaters, etc., fro Italy, Spain, France, Sweden, Ge many, Switzerland, and, of cours from the United States.

Canadians are especially interested in how merchandise from the United States is selling. The British like North American styling and many stores set aside a special section for displaying American dresses. Canadian garments are, however, not included in this; they are put on "rails" (racks, to Canadians) with domestic and other foreign-made dresses, probably because most British retailers do not think of Canada as a style centre. Apart from the American product, the dresses that come closest to our Canadian styles, quality and price are, in my opinion, the Swedish—at least at the time of this survey.

Occasionally I ran across window displays that featured dresses from Canada—once quite by accident, when I was sheltering in a doorway from a sudden downpour. About 40 to 50 London and country shops, I estimated, are now carrying Canadian dresses, many in the price range £4 19s. to £5 19s. ($13.85 to $16.65). I have placed the emphasis in this article on dresses, but some excellent business has also been done in sleepwear, children's wear, casual men's wear, etc.

Originally, Canadian firms were selling only cotton dresses, which enter Britain duty-free. Now they are finding a market for terylene dresses also, despite the 30 per cent duty. The reason? the British think that our terylene has a silkier finish than the U.S.-made dacron.

What the British Like

One of the biggest selling points of Canadian dresses is the fabrics from which they are made. Walking about London, I was struck by the number of women wearing prints, usually in dark all-over shades, although they became brighter as the season advanced. This explains why the materials that Canadian manufacturers offered—their texture, fancy weaves, drawn thread patterns—struck the British buyer as fresh and original. Our paisley patterns also proved popular. Next to the fabrics, they liked the fresh and youthful Canadian styling.

In many ways, the British market is a distinctive one and what sells well in Montreal will not necessarily sell in London also. This is where personal contact with British buyers helps. Here is one example. Some Canadian firms have been trying to sell woollen dresses in the U.K. They have had little success because these dresses had short sleeves. The British woman wants long sleeves; they help to keep her warm in the colder English houses. Generally speaking, the English customer likes heavier fabrics than her Canadian counterpart, even in summer. (We would not have been able to sell our cottons so effectively in late 1959 had the unusually warm summer of 1959 not been still fresh in the buyers' minds.) The Britisher also emphasizes durability more than we do; she demands quality, and she tends to be conservative.

It could be profitable to cater to the forgotten woman in Britain—the woman of five-foot one or two. In sweaters our chances appear slim because our stylings, fine as they are, cannot compete with the Italian product, for example, which is made mainly in the homes and which has a charm all its own.

Certain other lines that we have not exploited to any degree stand a good chance in Britain if they are effectively presented. One is co-ordinated sportswear sets, such as slacks, shorts, skirts and blouses in matching or toning colours, men's casual wear, skiwear, and jeans, so beloved by the North American teenager (perhaps of slightly better quality than the average here). Initially, they would need good promotion. Children's wear is another promising line that has already had some success. Little girls' dresses stand a particularly good chance in the specialty shops, if they are made of a fine quality wash-and-wear cotton. (Synthetic fabrics, on which the duty is high, would make these dresses too expensive.)

Although not everyone will agree with me, I think that parents in England do not spend as much on their children as we do in Canada. Hence the outfit the child's mother buys must have a longer life and must be made of a more durable fabric than is customary with us. The English child certainly does not have as extensive a wardrobe as our youngster. The argument will be, of course, that the majority of British children wear school uniforms and all that goes with them.

Notwithstanding this fact, the large population provides a worthwhile market and a composite showing by children's wear manufacturers would, I believe, be a profitable undertaking. Such a show should be held only in the fall for spring buying. It should include many of the types that we regard as fall items; they are worn in the spring or summer because of the generally cooler climate in England.

One feature of retail trade in Britain that should work to our advantage is the pricing system. In Canada and the United States, pricing practices have become thoroughly standardized. Blouses, for example, may be priced at $4.95 or $5.98, but seldom at $4.75 or $5.50. The British do not conform to such a rigid pricing system and are not wedded to the $3.95 or $3.98 price tag. If they find an article that they like, they will work out a satisfactory price at which to sell it. Price does not govern their every choice.

Buyers' Comments

Many of my interviews with buyers were directed to finding out how British retailers and their clients take to Canadian offerings. Many asserted that the dresses went out as fast as they came in and if manufacturers had completed the orders in full and on time, they would have made many more store sales.

Some indignant buyers told me that not only did the dresses not arrive by the date specified but they received no explanation of, nor apology for, the delay. Meanwhile the money allotted for the particular purchase was tied up and could not be spent elsewhere.

The styling of the Canadian product was praised but there was considerable criticism of the poor finishing—badly sewn seams, loose threads not clipped, and seams not overstitched. Earlier the same criticism of American dresses was voiced but United States manufacturers have taken this to heart and many of the American dresses now have completely overstitched seams. If the Americans can improve on their workmanship so can we; otherwise we shall lose out in this competitive market.

First Steps in Selling

My assignment in Britain also yielded a number of useful answers to the question of how a Canadian producer of textiles should go about finding customers in the United Kingdom. How much travelling around the country does he need to do? This second query is easily answered: on an initial visit he can safely spend all his time in London. Buyers throughout the U.K. flock to the metropolis to choose their needs; so do the Irish and many from the Continent.

Many of the London stores form part of one group or another, controlling shops in many British cities and in foreign countries. One such chain controls over 800 retail units, many of them located abroad, including Canada and the United States. Merchandise for which orders are being placed in London may therefore ultimately go on sale in stores in Liverpool, Manchester, Birmingham, etc.

Should business warrant it, the manufacturer might be well advised to visit these cities on a second trip—if for no other reason than to cultivate good relationships.

When he is presenting his line or discussing with a buyer what he can supply, he should not try the high-pressure type of salesmanship. The British prefer the "soft sell" and a restrained presentation. Remember that many buyers have to obtain sanction from merchandising managers before they can make a firm commitment.

The Canadian should also keep in mind the importance of window displays in a country where the newspapers are not packed with retail advertising. Clothes that display well have a definite advantage. Some buyers told me, for example, that dresses should have petticoats attached to make it easier to display them. They do not worry about how cheap these are nor whether they are discarded immediately after the purchase has been made.

Business life in Britain is apt to be more formal than it is here and the visiting Canadian should make definite appointments with buyers. "Dropping in" is not a popular practice.

It may be wise for the Canadian starting out in the British market to be restrictive in his selling. After a brief preliminary survey, he should select the firms to which he wishes to cater, making certain that he does not accept orders from too many in any one area. Nor should he accept orders for styles the production of which is not quite definite.

Investigate It Personally

The businessman in Montreal, Toronto, Winnipeg or Vancouver who studies the British market from across the ocean or who merely reads about others' experiences there can misjudge it seriously. British wages are lower than they are in Canada, for instance, but the great number of people at work means tremendous purchasing power. In addition, after the long war and postwar austerity the British want to get out and buy. Other countries are speeding goods to Britain to take advantage of this spending mood; so should we.

I came back to Ottawa convinced that Canadian firms can sell textiles in the United Kingdom if they are willing to study needs and tastes there and to offer well-designed merchandise of good quality to meet those needs. ●

Whe
Londo
Buy

W. GIBSON-SMITH,
Commercial Counsellor, Lo

Are you keen to offer products to the British retail trade? Your sales trip should coincide with peak buying period for each line of merchandise; these are detailed in this article.

SUMMER may be the most pleasant time to visit Britain but it's not the best time to book orders for most consumer goods. The businessman needs to know when London is ready to buy his particular product. This is not a simple question to answer precisely. The large retail organizations buy some goods—such as ladies' hosiery, home furnishings and appliances, china and glassware—fairly continuously throughout the year. Most other consumer goods, particularly clothing and giftware, are purchased (as in most countries) at stated times.

The table that accompanies this report represents an attempt to give some indication of these buying seasons. There are, however, certain exceptions to the dates given and no table can take care of the idiosyncrasies of the thousands of buying organizations.

Buying Practices

Chain stores tend to buy earlier than department stores do. Smaller retailers frequently arrange their buying to coincide with specialized (or vertical) trade fairs; the number of these is legion. They can prove a useful place to meet the trade and size up the competition. The Commodities Branch of the Department of Trade and Commerce in Ottawa or the office of the Minister (Commercial) at Canada House in London can give interested exporters details of these fairs. The larger department stores and chain stores pay little attention to fairs, except when they are looking for toys. They expect manufacturers themselves to keep them up-to-date on what the market has to offer.

The big bargain sales begin after Christmas and, to a lesser extent, at mid-year. Monthly sales, to which we Canadians are accustomed, have not yet caught on in England to any extent.

In the fashion field, buyers often examine merchandise a month before they actually place orders. If Canadian exporters inform buyers of large organizations here that they are coming with samples, these buyers are sometimes prepared to delay their decisions about purchasing fashion merchandise.

Buying is not as seasonal as the layman might expect. Large internationally-known shops here sell sporting goods and apparel, for example, in the English off-season to visitors from or travellers to the southern hemisphere.

The dates in the accompanying table are those when orders are usu-

BUYING SEASONS IN LONDON

Commodity	Fall Trade	Spring Trade	Other Seasons
Women's coats, suits and dresses	May 1 to June 10 (mostly first half of May)	September 23 to November 30	September for late winter, March for late summer
Women's lingerie, sportswear and sweaters	May 1 to June 10 (mostly first half of May)	October/November	September for late winter, March for late summer
Handbags and small leather goods	May	October/November	
Women's gloves	March/April	October/November	
Women's hosiery			Continuous
Men's suits	March/April/May	September/October November	
Men's underwear, shirts, sweaters, etc.	April/May	October/November	
Men's accessories	June (for Christmas)		Continuous
Infants' wear	May 1 to June 10	October/November/ December	
Slippers	January		
Footwear (other than slippers)	February/March/ April/May	August/September/ October/November	
Home furnishings, draperies and bedding	April/May	September/October	Continuous
Furniture	August	January/February	Continuous
Housewares and appliances			Continuous
Toys			January/February/ March
Winter sporting goods	March/April		
Summer sporting goods		November/December	
China and glass			Continuous

ally placed. Buyers have, of course, adopted these dates after taking into account delays usually encountered when ordering from *British* factories.

Advice for Visitors

This table is offered to exporters simply as a rough guide to when they are likely to find a visit to London most rewarding. Exporters planning visits might well consult the Office of the Minister (Commercial), Canada House, London, S.W. 1. This office will be glad, if informed in detail of the goods offered and the kind of retail outlet most likely to buy them, to make a specific recommendation about the most auspicious time to arrive in Britain. The prospective visitor should note that there is a severe shortage of hotels in London and he usually must make reservations many weeks in advance. He should also make certain that his reservation is confirmed.

If his samples are bulky, they should be dispatched through a forwarding agent to arrive several days before the visitor himself, so that they can be cleared through customs in advance of his arrival. This clearance usually takes at least a week or ten days.

Customs Documentation

Details of the customs documentation required may be obtained from the Commonwealth Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa. It is important for the Canadian exporter to make certain that the commercial and customs invoices are in complete agreement. In many cases, the information in the commercial invoice and the description of the samples involved do not agree with the details given in the customs invoice and the samples are therefore put aside until the customs officers have more time to study them. For quick clearance, details appearing on the customs and on the commercial invoice should be identical. ●

Colombia Pays Its Debts

COLOMBIA has paid off nearly all its international commercial debt. This is a notable achievement, because in just three years she has liquidated a debt that equalled her entire foreign exchange income for one year. She has thus maintained a reputation of never defaulting, and has enhanced her credit standing.

Financial troubles in Colombia began towards the end of 1954, when the peso was pegged at the high rate of 2.50 to the U.S. dollar, the price of coffee (which brings in 85 per cent of the foreign exchange income) had reached a high of 98 cents a pound on the New York market, and the Government, private business and individuals were spending freely. For the next three years the buying spree continued and the debt mounted. Then in 1957 the price of coffee began to fall (it is now less than half the 1954 average) and the exchange rate of 2.50 could not be maintained.

At this point, a halt was called and the peso was allowed to find its own level. The backlog of external commercial debt by this time stood at U.S.$387.4 million and foreign exchange to pay off this debt was running short.

The Government thereupon assumed responsibility for the entire debt and sought advice from officials of internationa organizations. With their help, it drew up two plans for liquidating the debt. One plan was to pay off 60 per cent in cash and spread the remaining 40 per cent over 30 months at 4 per cent interest The other was to pay off 20 per cent in cash, with the remaining 80 per cent spread over a longer period. The United States (the main creditor), Canada, and a few European countries were pu on the 60/40 plan; most other European countries on the 20/80

The debts fell into seven categories: those held in North America, those held in Europe, those owed to oil companies in Colombia, freights owing to the Flota Mercante Grancolombian (part of which had to be paid in dollars), freights owing to foreign shipping lines, debts held by Colombian banks, and a few others The Government obtained loans of U.S.$208 million from th World Bank, the Export-Import Bank, and various private U.S banks, adopted an austere import policy, and began the task o satisfying its creditors.

Last September the final 60/40 payments—they totalled i all $243 million—were completed. Now, in mid-1960, onl U.S.$41.5 million of the 20/80 debt is left; repayments in 3½ year have reached U.S.$343.8 million. Next year the remaining deb to the oil companies (about $10 million) will be liquidated an the rest of the dividends owing to foreign companies paid. I 1962, the final payments under the 20/80 plan will be made; th will liquidate the entire commercial debt. Remaining will b about U.S.$47 million owing on the loans from the World Bank the Export-Import Bank, and U.S. commercial banks.

This concerted effort to honour its obligations has strengthened Colombia's reputation abroad. The World Bank and oth organizations have assisted in financing new projects. Foreig investors too have put money into the country and Colombian have been repatriating their foreign-held capital.

—NEIL CURRIE,
Assistant Commercial Secretary, Bogotá.

e manager of a shoe store in the Persian Gulf city of Bahrain lays a shipment of shoes recently arrived from a well-known adian manufacturer. His interested visitor (extreme right) is Commercial Secretary for Canada in Beirut, C. O. R. Rousseau.

Canada's Commercial Counsellor in Vienna, R. K. Thomson, entertains prominent members of the Austrian milling industry in the Pallavicini Palace. The occasion was the visit of representatives of the Canadian Wheat Board and Board of Grain Commissioners.

Trade and Commerce at Work

What are the duties of Officers of the Department of Trade and Commerce? How do they assist Canadian businessmen? From time to time we plan, through pictures, to show these officials carrying out varied assignments.

the Canadian Lumbermen's Association Convention in Mont- , J. C. Dunn, Chief of the Department's Forest Products Divi- , (right) chats with two Canadian Trade Commissioners . J. Horne, Chicago (left) and B. I. Rankin, New York.

One of the most important duties of a Trade and Commerce Officer is frequent visits to industry. Here G. C. Clarke, of the Department's Engineering and Equipment Division (second from right) examines a generator armature at a St. Catherines plant.

Netherlands Agriculture: production and trade

G. E. WOOLLAM, *Agricultural Counsellor, The Hague*

With strong demand in their main markets, Dutch farmers increased sales abroad last year despite a drought. Imports of agricultural products also rose; Canada's share of the trade declined slightly.

AGRICULTURE plays a vital role in the Netherlands economy despite the limited land resources. It accounts for more than 10 per cent of the gross national product, employs 11 to 12 per cent of the labour force, and provides about one-third of earnings from commodity export trade. Although imports of agricultural products are also substantial, the Netherlands is a net exporter by a considerable margin.

The drought that hit Europe during 1959 caused great concern in the Netherlands. However, in the final analysis Dutch agriculture had a successful year despite the drought. Although grain production dropped 10 per cent from 1958, this was partially offset by the excellent quality of the crops and the favourable prices for agricultural products as a result of strong demand in other European countries. Exports of agricultural products rose 8 per cent in value and although imports went up 12 per cent, the export surplus in agricultural trade increased substantially.

The value of Netherlands agricultural production has been rising steadily over the years. The 1959 estimate of 6,524 million guilders represents an increase of 8 per cent over 1958 and 18 per cent over 1955. Livestock and livestock products account for two-thirds of the total value.

Farm prices for the crop year 1958-59 declined fractionally from the previous one but during the fall of 1959 prices of both field crops and livestock and livestock products surged upward. The latter declined sharply, however, in December.

Net farm income is estimated at 3,275 million guilders for 1959, a slight decline from the 1958 estimate but still well above the average of the past five years.

Table I compares agricultural production in 1958 and 1959.

Trade in Agricultural Products

Exports of agricultural products from the Netherlands in 1959 were valued at 4,525 million guilders, one-third of the total commodity trade of 13,705 million. Commodity imports in 1959, worth 14,967 million guilders, included 3,391 million worth of agricultural products, or 22 per cent of the total.

The Netherlands, with 59 per cent of its farming area in grasslands, concentrates largely on livestock and livestock products. These exports in 1959 totalled 2,217 million guilders and accounted for almost one-half of total agricultural exports.

Limited land area, climatic conditions and a thriving and hungry livestock population mean that the Netherlands must import huge quantities of field crops. This net import surplus varies from 1,000 million guilders to 1,400 million a year. Netherlands exports of field crops in 1959 were valued at 1,437 million, of which one-half represented re-exports.

Principal Markets

Although Netherlands agricultural products are exported to almost all parts of the world, the European market absorbs some three-quarters of the total.

West Germany continued to be the best customer for Dutch agricultural products in 1959, with imports valued at 1,035 million guilders—one-fourth of total agricultural exports. The United Kingdom ranked second with 475 million, followed by Belgium-Luxembourg with 174 million. Agricultural exports to the United States were valued at 119 million guilders.

Canada's imports from the Netherlands consist of a wide range of processed agricultural products, totalling about $10 million in 1959. They include horticultural products $2,545,000; cocoa and chocolate preparations $1,994,000; biscuits and candy $815,000; berries and fruit, fruit juices $688,000; pickles, sauces, etc., $339,000; cheese $645,000, and oils from plants $551,000.

TABLE I—NETHERLANDS FARM PRODUCTION

	1958	1959
Cereal Grains	(in metric tons)	
Total production	1.73 million	1.6 million
of which:		
Wheat	402,000	494,000
Oats	446,000	319,000
Rye	427,000	386,000
Barley	310,000	268,000
Roots and Tubers	(in metric tons)	
Potatoes (table and forage)	2.67 million	2.14 million
Sugar beets	3.9 "	3.1 "
Potatoes (processing)	929,000	1,001,000
Livestock	(number of head)	
Cattle	3 million	3.2 million
Hogs	2.46 "	2.94 "
Hens	25.5 "	30.6 "
Livestock Products	(in metric tons)	
Meat	568,000	583,000
Milk	6.3 million	6.5 million
Butter	92,000	81,000
Cheese	186,000	203,000
Evaporated milk	286,000	338,000
Whole milk powder	35,000	53,000
Dry skimmed milk powder	47,000	24,000
Eggs	260,000	309,000
Poultry meat	22,300	29,200

TABLE II—TRADE IN AGRICULTURAL PRODUCTS

(in millions of guilders)

	Imports			Exports		
	1959	1958	Per cent change	1959	1958	Per cent change
Field crops	2,674	2,397	+11.6	1,437	1,306	+10.1
Livestock and dairy products	471	383	+22.7	2,217	1,911	+16.1
Horticultural products	247	250	− 1.2	871	742	+17.4
Total agricultural trade	3,391	3,030	+16.4	4,525	3,959	+14.3
Total commodity trade	14,967	13,774	+11.6	13,705	12,226	+12
Agricultural as percentage of total trade	24.4	22.2		33	32	

TABLE III—NETHERLANDS AGRICULTURAL IMPORTS

	1958	1959
	(millions of guilders)	
Total imports of agricultural products	3,030	3,391
of which:		
Grain and cereals	731	857
Oilseeds, nuts and kernels	346	405
Feedstuffs (except grain) including oilcake and meal	194	279
Livestock and meat products	119	123
Dairy products, eggs, honey	18	23
Fruit and vegetables	261	262
Tobacco	178	169
Hides and skins	77	107

Imports of agricultural products into the Netherlands in 1959 were valued at 3,391 million guilders, an increase of 361 million over 1958, mainly because of larger imports of cereal grains, oilseeds and animal feedstuffs.

Grain Imports

Netherlands imports of wheat, oats, barley and rye in 1959 were valued at 410 million guilders, almost 15 per cent greater than in 1958. Corn and millet imports were valued at 1,237 and 106 million guilders in 1959, substantially above 1958; they form a major part of Netherlands feed-grain imports.

Wheat imports in 1959 were valued at 205 million guilders; in the last five years these imports have varied from a low of 184 million in 1958 to a high of 222 million in 1956. Changes from year to year in the level of imports are closely related to fluctuations in the size and quality of the domestic crop. Canada was the main supplier of wheat in both 1957 and 1958; imports from Canada were valued at 83 million guilders in 1957 and 94 million in 1958. Last year sales declined to 38 million, largely because we were unable to supply the lower grades (Manitoba 5's) of milling wheat required. The U.S.S.R. came into the market strongly in 1959 with sales totalling 78 million guilders, a tremendous increase over previous years when they were negligible in terms of Holland's total wheat requirements. Imports of wheat from the United States have declined steadily in value from 133 million guilders in 1955 to only 43 million in 1959. It is encouraging to note that so far in the present crop year—August 1959 up to end of March 1960—Canada was again the leading supplier, with the U.S.S.R. running a close second.

Barley imports, valued at 113 million guilders in 1959 and 101 million in 1958, were considerably below the quantities imported in the three previous years. Canadian barley exports to the Netherlands in 1959 were worth 1.2 million guilders.

Oats—the Netherlands requirements of oats vary considerably from year to year, with the value of imports over the past five years averaging 62 million guilders. During 1959, imports totalled 69 million. The bulk comes normally from the United States, with Argentina and the U.S.S.R. providing relatively smaller quantities. Imports from Canada reached 3.1 million guilders in 1959, the best year since 1955 (3.6 million).

TABLE IV—NETHERLANDS IMPORTS OF SPECIFIED AGRICULTURAL PRODUCTS FROM CANADA AND U.S.

	1959 Total Imports	1959 From U.S.	1959 From Canada	1958 From Canada
		(thousands of guilders)		
Live animals	27,700	33		
Meat and meat products	94,600	22,356	463	247
Dairy products, eggs and honey	22,700	3,998	3,797	
Grains and cereal products	857,100	452,057	52,076	102,800
Animal feedstuffs except grain	278,600	30,726	317	275
Oilseeds (excluding nuts, palm kernels and copra)	196,700	125,770	17,282	32,531
Tobacco	168,700	43,552	800	945
Dried seeds and pulses	25,854	2,812	19	19
Seeds for sowing	14,411	1,976	109	60
Hides and skins, raw	102,808	3,903	719	1,438
Preserved fruits	15,562	6,148	155	429

Rye—imports slackened somewhat in both 1958 and 1959 compared with previous years. Our position as an exporter weakened in 1959 when imports from Canada totalled 1.4 million guilders out of 23.2 million, as against 4.5 million out of 19.4 million in 1958.

Oilseeds

Total imports in 1959 of oil-containing seeds (excluding peanuts, copra, and palm kernels) were valued at 196 million guilders, compared with 150 million in 1958. Soybeans worth 96 million and flaxseed at 53 million were the largest items. Rapeseed imports were valued at 9.6 million guilders and Canada, with 7.2 million worth, was the main supplier. Imports of oilcake and meal are substantial, and were valued at 133 million guilders in 1959.

The market for soybeans has been growing steadily, with the United States supplying 85 per cent of it. Dutch statistics show 1.9 million guilders worth bought from Canada.

Flaxseed imports, at 53 million guilders, were virtually unchanged from 1958, although considerably below the average of 75 million in 1956 and 1957. Canada was the leading supplier in 1958 with a total of 36 million guilders but this declined to 8.1 million in 1959. United States sales increased from 23 million guilders in 1958 to 43 million in 1959 and she replaced Canada as the leading supplier.

Canadian Exports

Canadian sales of farm products to the Netherlands were valued at 78 million guilders and represented 61 per cent of total imports from Canada of 127 million. This represents a substantial decrease from 1958, when agricultural imports (137 million) represented 70 per cent of the total of 197 million. The decline resulted from smaller imports of wheat and oilseeds (see Table IV).

Canadian sales of skimmed milk powder to the Netherlands in 1959 were valued at 3,640 million guilders, with the majority of the powder designated for feeding purposes. This product was brought in under special price arrangements allowing Canada to enter the market for the first time. No Canadian apples were imported into Holland in 1959, as against imports worth 1,370,000 guilders in 1958.

Restrictions Lifted

Recently the Netherlands Government announced that, effective July 1, 1960, imports of a number of agricultural products still subject to quotas would be liberalized and removed from the quota list. Products of interest to Canada include fresh apples and pears, and wheat, oats, and barley for sowing. ●

India's Pepper Production

THE recent increase in the price of pepper—in July of this year it reached 66 to 67 cents a pound, or nearly 2½ times the July 1959 figure—should encourage Indian growers to step up production and exports substantially. India still grows more pepper than any other country, some 24,000 tons in 1958-59, but Indonesia has regained its position as the leading pepper exporter, lost during the war. She ranks second now as a producer (13,800 tons in 1958-59), followed by Sarawak (9,000 tons), and Brazil (4,200).

In the 1959-60 season, Indian pepper output totalled 24,500 tons from 232,000 acres. About 50 per cent of production goes to export markets under the trade names *Alleppey* and *Tellicherry*. Normally the pepper is packed for export in double jute bags containing about 140 pounds, but importers are now requesting shipment in jute bags lined with polythene.

India's pepper exports have decreased in value of late years; from Rs.180 million in 1952, they fell to Rs.30 million in 1958. This year the outlook has improved; during the first quarter of the 1959-60 season shipments totalled about 8,000 tons, an increase of about 2,300 tons over the first quarter of the 1958-59 season.

Biggest buyer of Indian pepper is the United States (3,265 tons in 1958-59), followed by the U.S.S.R. (3,105). Altogether, the Communist countries purchased about 42.4 per cent of India's pepper exports last year. New markets have also developed in Denmark and Switzerland; Italy was already a large buyer. Canada imported about 1.7 million pounds in 1959, out of total purchases of roughly 3 million pounds. Canadians buy it chiefly for grinding; the meat-packing and food-canning industries use it as a preservative, either in the form of whole pepper or as oleoresin obtained from black pepper.

Pepper prices normally fluctuate considerably; the New York price of Malabar "garbled" black pepper, for example, was $2.01 a pound in 1950. It declined steadily to 24¾ cents last year, but has now risen to 67 cents. At the present time the trade is in no particular hurry to dispose of the supplies on hand; it hopes to obtain better prices later because of the uncertainty about the current Indonesian crop.

—G. P. MORIN,
Trade Commissioner, Bombay.

Market for Electrical Appliances

The Iranian electrical appliance industry is still in its infancy and imports are rising every year, though competition is brisk. There is a great market potential in this huge country as supply of electricity improves.

A. B. BRODIE, *Commercial Counsellor, Tehran.*

IRAN is an interesting, though limited, market for electrical household equipment. A boost in electric power in the built-up areas during the past year has helped spark bigger imports of a wide range of electrical equipment. Though the population of Iran totals some 20 million, about 70 per cent of whom are peasants, it will be some time before many of the homes will be able to afford modern electrical equipment. It would thus be unwise, and indeed wishful thinking, for Canadian manufacturers of electrical appliances to expect that Iran will offer unusual possibilities as an outlet over the next five years. But the following market resumé may help to show how much of this equipment is being shipped to Iran, and to point out some of the obstacles manufacturers must face in this huge country (equivalent in area to Ontario and the Atlantic Provinces) before they can make significant sales.

Electricity Supply Uncertain

The national electricity supply is nominally 220 volts, 50 cycles, 3 phases. Until the first few months of 1960, power distribution for Tehran and other towns was unsatisfactory; it was not uncommon for voltages to fall as low as 120 to 140. It is now expected that Tehran at least will be guaranteed 220 volts before 1961. Exporters are urged, however, to investigate Iran's electrical supply before making shipments. At present, certain electric refrigerators and washing machines are being equipped with special capacitators to take care of sudden drops in current and keep the motors from seizing.

Some Trade Restrictions

Electrical appliances fall into the category of commodities *not* included on the official Iranian prohibited import list. The import quota for the current Iranian year 1339 (March 21, 1960, to March 20, 1961) has been held at 25 billion rials (75 rials=U.S.$1) with no special quotas for individual commodities or groups of products. Although import licences are necessary, foreign exchange holdings have up to now made them a mere formality. If imports of the more expensive electrical household appliances can be kept within the limits of this past year, it should not be necessary to impose import restrictions on electrical household equipment during the current one.

To curb the flow of imports of a wide range of luxury products (including certain electrical appliances) and thereby reduce over-all imports by as much as 20 per cent, the Iranian authorities recently introduced new commercial taxes on a long list of commodities. The present customs duties and commercial taxes on the products listed in the accompanying table will make it increasingly expensive for the marginal consumer to modernize his household equipment.

What Sells in Iran

- *Refrigerators*—about 10,000 refrigerators worth over $3.3 million were imported into Iran through normal commercial channels last year from a dozen or more foreign countries. The United States share of the Iranian market continues to be high at about 70-75 per cent of the total. Although the demand for larger-size refrigerators rose during 1959, the eight- to nine-cubic feet continues to be the most popular. The use of deep freezers, industrial and domestic, is increasing to meet the unusually high summer temperatures (with little humidity) of over 125°F. in the south and as high as 115°F. in Tehran. New supermar-

IRANIAN DUTIES ON ELECTRICAL APPLIANCES

	Customs duty	Commercial profit taxes
Refrigerators	25% ad valorem	
Electro-thermic products (kettles, toasters, heaters, irons, etc.)	30% ad valorem	
Electro-mechanical products (fans, washing machines, vacuum cleaners)	25% ad valorem	
Radios	25% ad valorem	Can.$65 to $130, 25% ad valorem $130 and up, 50% ad valorem
Television sets	25% ad valorem	Up to $260, exempt; $260 up, 50% ad valorem

kets and more stringent health regulations for butcher shops have also contributed to the brisk demand for freezers during the past year.

There is still a limited outlet for kerosene refrigerators outside the built-up areas where electricity is unreliable or inaccessible. Kerosene units are also used by oil-drilling firms and other construction companies often located in isolated regions. Wholesale prices for refrigerators and freezers, with supplying countries, are:

Refrigerators		**Can. dollars**
6 cu. ft.	Italy	169
7 cu. ft.	"	260
8 cu. ft.	"	286
9 cu. ft.	United States	325
11 cu. ft.	" "	390-416
13 cu. ft.	" "	480

Deep Freezers		**Can. dollars**
8 cu. ft.	United States	480
17 cu. ft.	" "	554
21 cu. ft.	" "	636

- *Washing Machines*—Washing machines, which were practically unknown in Iran ten years ago, have been imported in volume during the past two years. It is estimated that some 3,500 units were bought during 1957-58. This figure rose to roughly 8,000 units in 1958-59 and to at least 8,500 during 1959-60. The medium-size type is the most popular and the Germans and the British dominate the market for these. The principal suppliers to Iran during 1958-59 were the United States, Britain, Japan, and West Germany, in that order. Wholesale prices vary from $135 for a British make (five-pound capacity) to $214 (nine-pound capacity) for a U.S. model.

- *Irons*—Iranians show a distinct preference for the heavier type of iron. Of the 50,000-odd units imported during 1958-59, some 30,000 were shipped from Germany. Other important suppliers during the same period were Britain (8,121 units), Japan (7,268) and the United States (4,100). Wholesale prices range from $4.55 to $5.20.

- *Air-Conditioners—Imports of air* conditioners and water coolers have been stepped up to beat the high summer temperatures. An estimated 6,000 air-conditioners were brought in in 1959-60 (4,906 in 1958-59). The one-ton unit is the most practical and popular size. Japan, the United States and West Germany were the principal suppliers, in that order.

The following are approximate wholesale prices for U.S. models: ¾-ton $299, 1-ton $350, 1½-ton $390 to $415, 2-ton $519.

- *Table Fans*—Table fans are used extensively throughout Iran. Total imports for the past year, more than 45,000 units, included a wide range of sizes. The most common ones were:

	Prices, c.i.f. Khorramshahr
16″ table model	Can.$23-24
12″ table model	Can.$16
24″ pedestal	Can.$48-50

Japan, the United States, the Netherlands, Germany and Britain were the principal suppliers.

- *Radios, Television Sets*—Iran boasts three new television stations (including the U.S. station) with two in Tehran and the other at Abadan in the south. All three have a limited range and no programs are at present relayed to Iran. There are over 15,000 television sets in the country. Principal suppliers during 1958-59 were the U.S., the Netherlands and Japan. Wholesale prices range from $280 for the 17″ screen to $438 for the 24″ screen. There is a small demand for de luxe models.

Imports of radios and radio-gramophones for 1958-59 totalled over 183,000 units, with the Germans (80,000), Dutch (39,000), Japanese (17,000), and British (16,000) exporting the lion's share.

- *Other Appliances*—There is a limited demand in Iran for floor polishers, hair dryers, percolators and vacuum cleaners. Toasters are becoming more common in the better homes and hotels. Imports during the past year were estimated at over 2,000 units.

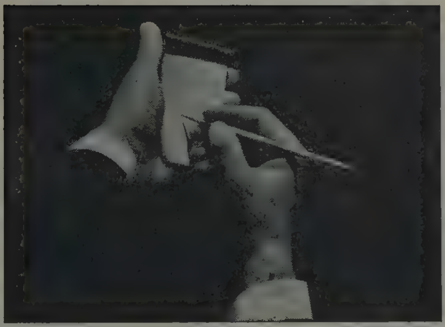
Because of inexpensive kerosene and butane gas, there is no market in Iran for electric ranges, space-heaters, or complicated spin-and-tumbler dryers. Cooking is done on kerosene and butane gas stoves by middle-class families who can afford to buy them, or on charcoal fires by those who cannot. Kerosene space heaters and, in some of the more modern homes, central heating oil-burners are the methods of heating Iranian homes. Some butane space-heaters are sold, but the cost of operating them tends to outweigh their advantages.

Payment Terms Generous

No survey would be complete without some mention of the generous credit terms that are currently offered in Iran. Conditions of payment vary between five to six months after arrival of the steamer at the Persian Gulf port of Khorramshahr to part payment by irrevocable letter of credit at the time of placing the order and the remainder three to four months after arrival of the goods. Most of the purchases are made by the agents for their own accounts. As foreign suppliers gain confidence in their agents and in the market itself, terms of payment tend to become more generous. Up to now, no restrictions have been in force controlling the selling prices. Commissions to dealers vary between 10 and 18 per cent.

EEC Customs Tariff

The Commercial Counsellor's office, Brussels, advises that the printed edition of the European Economic Community tariff may be purchased from Service des Publications des Communautés Européennes, 2 Place de Metz, Luxembourg, Grand-Duché de Luxembourg. The tariff, published in two volumes, costs Belgian francs 250 or approximately $5.00 in Canadian funds.



General Notes

Bahamas

LAND DEVELOPMENT—A $30 million land development scheme on the island of Andros in the Bahamas will include an airport, hotel, harbour and a model community of houses. The project is designed primarily for retired middle-class persons, but it will also seek to attract industry. Construction will begin this year on an 800,000-acre tract of land and will extend over five years. It is expected that the present population of 7,000 will grow to 69,000 by the time the scheme is completed—Kingston.

EEC

FINANCING COMPANY FORMED—Banks and financial companies in five of the Common Market countries have established in Luxembourg a company o study financial operations in the Common Market. The company, with an initial capital of two million Luxembourg francs, is controlled by a group of firms n Italy, France, the Netherlands, Belgium and Luxembourg—Brussels.

Fiji

DEVELOPMENT COMPANY—The Colonial Development Corporation proposes to form a Fiji Development Company to investigate, promote and manage new projects in Fiji. A representative of the Colonial Development Corporation will be managing lirector for an initial period of three years. One of the ctivities of the new company will be to build houses or wage-earners in the low income group—Wellington.

ran

NEW BANKING LAW—Bank Melli Iran, the national bank of Iran, will soon be divided into a Central Bank nd a Commercial Bank, according to the new Currency Banking Law approved by Parliament in June. The new aw also includes, among other provisions, more effecive control of private banks' credit operations and an asing of the present note-cover requirements.

Iran now has some 26 banks of varying types and izes, of which ten can be called private (100 per cent ranian capital), seven mixed (foreign and Iranian capial), one foreign, and eight government. The most recently opened private bank is the Foreign Trading Bank of Iran. Fifty-one per cent of its shares belong to the Bank Melli Iran, and the remainder to Bank of America (20 per cent), the Bank Deutscher Länder of Germany (14.5 per cent) and the Commercial Bank of Italy (14.5 per cent). Total authorized capital is about $3.6 million. (An article on Iranian banks appeared in *Foreign Trade,* October 10, 1959.)—Tehran.

Ireland

NEW FACTORY FOR SHANNON—The Standard Pressed Steel Co., Jenkinstown, Pennsylvania, has announced that it will build a factory in the Shannon Industrial Zone. Scheduled to begin operating in October, the plant will make precision fasteners and miniature electronic components for communication and electronic industries—Dublin.

Jamaica

INCENTIVES FOR INDUSTRY—Up to the end of March 1960, 89 companies had been set up under Jamaica's three major incentives laws to manufacture 118 different products. Twenty-four firms established under the Export Industry Encouragement Law will make 34 different products exclusively for export. Twenty-seven firms under the Industrial Incentives Law and 38 under the Pioneer Industry Encouragement Law will manufacture a total of 84 products for both the domestic and export markets—Kingston.

CENTRAL BANK IS ESTABLISHED—Legislation authorizing the establishment of a central bank, to be known as the Bank of Jamaica, has been passed by the Jamaican Government, and the first governor has already arrived from Britain to take up his duties. The bank will administer the island's currency and maintain monetary stability—Kingston.

New Zealand

INDUSTRY LICENSING REPEALED—The last vestige of direct control over the setting up of industry in New Zealand disappeared on July 7 when licensing requirements were removed for the pulp and paper, tire and tube industries. Previously no firm could undertake manufacture of pulp, paper or tires before obtaining the approval of the Licensing Board which operated under the Minister of Industries and Commerce.

There remains, however, control of capital issues which prevents recourse to the public for stock or bond issues over £10,000 without the authority of the Capital Issues Commission—Wellington.

Norway

CANADIAN INVESTMENT—Canadian companies rank third in total foreign investment in Norway, and second in direct share capital investments in industrial and mining companies with some share capital held by Norwegian nationals. Foreign investment in Norwegian industrial and mining operations at the end of 1958 totalled approximately Kr.300 million; Canadian companies accounted for about Kr.60 million. Foreign share-capital interest in industrial and mining companies in Norway in which Norwegian capital also participated had a total value at the end of 1958 of approximately Kr.260 million. Canadian companies ranked second among foreign investors in this category, with Kr.32.5 million. Canadian interests are concentrated particularly in the production of aluminum and nickel—Oslo.

Sweden

SWEDISH FACTORIES ABROAD—Two Swedish companies, Sandvik Steel Works and Atlas Copco, have decided to set up subsidiaries in India. The factories will be built at Poona, about 200 kilometres east of Bombay.

Sandvik will invest about Kr.8 million in a plant for making Coromant tungsten carbide and tools with carbide bits; it will be financed by Swedish and Indian capital. The plant is scheduled to start operating in 1961 under the supervision of Swedish engineers who will train a staff of Indian technicians. Sandvik Coromant products are also made at plants in Europe, North and South America and in South Africa.

Atlas Copco is investing Kr.4 million in the first stage of a factory for making compressors and compressed-air rock drills. The plant should begin operating early in 1961 and have an initial output valued at Kr.4 million a year—Stockholm.

Switzerland

SASKATCHEWAN LOAN FLOATED—A bond issue of Sfr.40 million has been successfully floated in Switzerland by the Province of Saskatchewan through a syndicate of leading Swiss banks. The offering, between June 24-29, consisted of 4½ per cent bearer bonds of Sfr.1,000 nominal capital each, at a price of issue of 100 per cent. The bonds will be repayable at par on July 15, 1975, at the latest. The issue was substantially oversubscribed by the Swiss—Berne.

Trinidad

NEW PRINTING PLANT—A new B.W.I.$1 million printing plant is being erected in Arima, Trinidad, by Caribbean Printers Limited, to provide high quality printing and packaging service for commerce, industry and advertising throughout the Caribbean. The plant will use the latest techniques developed in Britain and the United States and will employ between 150 and 200 persons.

Caribbean Printers Limited is an association of Bookers Industrial Holdings Limited and Brown Knight and Truscott Limited. The new company, it is said, is a milestone not only in the industrial development of Trinidad and the Eastern Caribbean, but also in the development of printing in the British Commonwealth. It has received, in addition to the private companies' investment, assistance from Trinidad's Industrial Development Corporation and the Government of The West Indies—Port-of-Spain.

Tours of Territory

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Belize, British Honduras, from September 13-20.

L. D. R. DYKE, Acting Commercial Secretary in Athens, Greece, will visit Izmir, Istanbul, and Ankara in Turkey, and Nicosia in Cyprus, from August 29 to September 14.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will be in attendance at the Canadian Government exhibit in the Brno International Trade Fair from September 11-25.

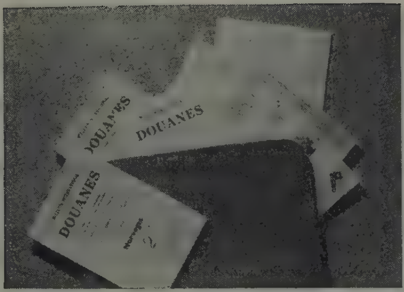
D. J. McEACHRAN, Assistant Trade Commissioner in Hong Kong, will visit South Vietnam, Laos and Cambodia from September 4-24.

P. V. McLANE, Trade Commissioner in Glasgow, Scotland, will visit Dundee for several days, beginning August 31, and Aberdeen beginning September 3.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will be in attendance at the Canadian Government exhibit in the Zagreb International Fair from September 10-25.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bullis at Kingston, Mr. Dyke at Athens, Mr. Freyseng and Mr. Thomson at Vienna, Mr. McEachran at Hong Kong, and Mr. McLane at Glasgow.

Trade and Tariff Regulations



Ceylon

IMPORT CONTROLS ON TOWELS, TOWELLING, ALUMINUM FOIL AND LINING—The Controller of Imports and Exports, Ceylon, has announced that ndividual import licences are now required for towels, owelling, and aluminum foil and lining imported into Ceylon from all countries.

Cuba

STATE TRADING BEGINS—The Cuban Bank for Foreign Commerce (BANCEC) has been made the sole importer of some 50 commodity groups, according o Resolution 295 of the Ministry of Commerce. The new procedure became effective on July 15, and import orders placed through ordinary commercial channels before that date are unaffected.

The list below includes several commodities of pecial interest to Canada, such as newsprint, wheat nd wheat flour, potatoes, pharmaceutical raw materials, pine lumber and plywood; the import of potatoes was already a government monopoly. Many commodiies on the list are among those that Cuba is seeking to obtain by barter under trade agreements with Communist countries. Others such as cutlery, razor blades, ewing machines, typewriters, refrigerators, fluorescent ght tubes, paper, etc., are products that the Government hopes to manufacture in Cuba following arrival f some 60 complete factories from Communist ountries.

Official notices published on August 5 indicate that BANCEC is prepared to authorize some imports by rivate trade. The notice provides that Cuban firms hould apply to BANCEC.

Thus it is expected that imports of products in Resolution 295 will be made in two ways—either by ANCEC itself, or by individual firms after obtaining nport permits from BANCEC. Permission to import ny other product will continue to be controlled by the anco Nacional as before.

og's lard
edible tallow
acon
dible oils
lted pork meat
ondensed milk
vaporated milk
Butter
Wheat
Wheat flour
Rice
Beans
Lentils
Peas, including "garbanzos" (Spanish chick peas)
Corn
Potatoes
Onions
Garlic
Sewing machines and parts and accessories therefor
Typewriters
Calculating machines
Adding machines
Phonographs }
Record players }
and parts and accessories therefor
Records (phonograph)
Dictaphones and other office machines
Refrigerators and parts and accessories therefor
Air-conditioning apparatus
Radio receivers }
Television sets }
and parts and accessories therefor
Batteries
Light bulbs and fluorescent tubes
Dinnerware, tablewear and cutlery generally
Razor blades
Watches and clocks
Toys and games
Film for photographic cameras
Raw materials for pharmaceutical industry
Surgical instruments
Cotton
Cotton thread for sewing, embroidering, hand knitting and mechanical manufacturing
Raw materials for paper manufacture (paste and waste)
Kraft wrapping paper
Newsprint (papel Gaceta para periódicos)
Bond paper for periodicals
Bond paper for books
Bond paper for lithographic work
Rice paper for cigarettes
Manila paper for fruit wrapping
Manila toilet paper
Baling paper
Glassine paper
Ordinary pine lumber, undressed
Plywood
Fertilizer
Jute bags for sugar and coffee

Insecticides and fungicides
Tanned calf leather, with no hair
Wire, of wrought iron or steel
Fences, of wrought iron or steel
Barbed wire for fencing, of wrought iron or steel
Crude petroleum
Aviation gasoline
Solvents
Fuel oil (0.6 per cent sulphur)
Lubricants (oils and greases)
Tractors
Bulldozers
Agricultural machinery and implements and replacement parts therefor
Machinery and apparatus for sugar mills
Motors and parts and accessories therefor
Pumps, electric
Pumps, hand
Cranes and hoists, both stationary and mounted on vehicles
Trucks and buses
Locomotives
Tires and tubes

—Havana.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF —The South African Board of Trade announced recently that it has received the following representations respecting the tariff:

Increase in duty on:

1. Coloured cellulose tape and plain and coloured vinyl pressure-sensitive adhesive tapes.

2. Domestic tinware including cake and biscuit tins, roasting pans, graters, biscuit cutters, funnels, and bread-baking forms for domestic and industrial use.

3. Framed mirrors of a f.o.b. cost not exceeding 1/-s. per piece.

4. Plastic manufactured goods.

Rebate of duty on:

1. Glass fabric reinforced vinyl film for the manufacture of suitcases.

2. Metal pressings in an unfinished state for the manufacture of metal bearings for the motor industry.

3. Lace crochet fabrics, woven and knitted fabrics of various constructions for the manufacture of scarves, stoles, neckerchiefs, handkerchiefs, and baby blankets.

4. Diesel oil for use as fuel in the recovery of fossilized oyster shell by dredging and drying.

5. Commutators and steel laminations for the manufacture of armatures.

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf. Action should be taken as quickly as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

United States

PUBLIC LAWS ENACTED—

Metal scrap—Public Law 86-606 approved by the President on July 7, 1960, continues until the end of June 30, 1961, the suspension of duties on metal scrap other than lead scrap, lead alloy scrap, antimonial lead scrap, scrap battery lead or plates, zinc scrap or zinc alloy scrap or any form of tungsten scrap, tungsten carbide scrap or tungsten alloy scrap; or articles of lead, lead alloy, antimonial lead, zinc or zinc alloy or articles of tungsten, tungsten carbide or tungsten alloy imported for remanufacture by melting.

Barrelheads of softwood—Public Law 86-606 amended paragraph 1805 of the duty-free list to read as follows: "pickets, palings, hoops, staves of wood of all kinds, and tight barrelheads of softwood". This amendment became effective on August 7, 1960, and provides for softwood barrelheads which were formerly dutiable at 16⅔ per cent ad valorem to enter free of duty.

Coarse wool—Public Law 86-557 approved on June 30, 1960, makes permanent the former temporary suspension of duties on certain coarse wool, and also provides that papermakers' felts may be manufactured under bond from imported wool or hair after July 30, 1960.

Amorphous graphite—Public Law 86-453 suspended the duty on the following material entering up to May 14, 1962: "amorphous graphite or amorphous plumbago, crude or refined, valued at $50 per ton or less". Formerly this material was dutiable at 5 per cent ad valorem if it was artificial, or 2½ per cent ad valorem if it was not artificial.

Seaweeds—Public Law 86-402 provides for duty-free entry of all ground, powdered, or granulated seaweed. Until the enactment of this measure, which became effective on May 4, 1960, ground powdered or granulated seaweeds (other than kelp) were dutiable at 5 per cent ad valorem under U.S. tariff paragraph 1540. This act provides for duty-free entry of all ground, powdered, or granulated seaweed as well as kelp which has been free of duty for over 50 years.

Chicory—Public Law 86-479 extends until June 30, 1963, the suspension of duty on imports of crude chicory and the reduction in duty on ground chicory. In 1958 Congress provided that until April 16, 1960, crude chicory (except endive) would enter duty free and that chicory ground or otherwise prepared would be dutiable at 2 cents a pound instead of 2½ cents.

Istle or tampico fibre—Public Law 86-456 continues for a temporary period the suspension of duty on certain istle or tampico fibre. In 1957 Congress provided duty-free entry for dressed or manufactured istle or tampico fibre entered up to September 4, 1960. This public law extends duty-free entry to shipments entered up to September 4, 1963.

Alumina and bauxite—Public Law 86-441 continues the suspension of duty on certain alumina and bauxite up to July 16, 1962. Duties on these materials have been suspended since 1956.

Tanning extracts—Public Law 86-427 extended the temporary suspension of duty on certain tanning extracts, and on extracts, decoctions and preparations of hemlock and eucalyptus suitable for use in tanning until September 30, 1963.

Casein—Public Law 86-562 extended the temporary suspension of duty on casein until June 30, 1963, except that effective July 31, 1960, suspension of duties no longer applies to imports of sodium caseinate, sodium phosphocaseinate and other caseinates, of which casein or lactarene is the component material of chief value.

United States

TARIFF COMMISSION INVESTIGATION OF IRON ORE IMPORTS POSTPONED—In *Foreign Trade* of August 13, 1960, it was announced that a public hearing in connection with an escape clause investigation into iron ore imports would begin on October 11, 1960, in the Tariff Commission Building, Washington.

The Tariff Commission has now announced that this public hearing has been postponed from October 11 to October 18. Interested parties desiring to be heard should write the Secretary of the Tariff Commission at least five days in advance of the date set for the hearing.

Trade Commissioners on Tour

B. C. Butler

H. A. Gilbert

H. S. Hay

H. L. E. Priestman

R. G. Woolham

he following officers of the Trade Commissioner Service are ndertaking tours in Canada. Their itineraries are:

. C. BUTLER, Minister (Commercial) in London, England:

redericton—Sept. 26-27
aint John—Sept. 28
Halifax—Sept. 29-30

. A. GILBERT, Trade Commissioner in Bombay, India:

ontreal—Sept. 19-23
hetford Mines—Sept. 26
oronto—Sept. 28-Oct. 4
arnia—Oct. 6
Brantford—Oct. 7
Winnipeg—Oct. 11-12
Vancouver—Oct. 13-21

When he completes his tour, Mr. Gilbert will be posted to elbourne, Australia, as Commercial Counsellor.

. S. HAY, Assistant Commercial Secretary in Sydney, ustralia:

indsor—Sept. 6
arnia—Sept. 7
illsonburg—Sept. 8
rantford—Sept. 8
itchener-Waterloo, Galt—Sept. 9
uelph—Sept. 9
Toronto and district—Sept. 12-16, 19-20
Hamilton—Sept. 21-22
St. Catharines—Sept. 22
Welland—Sept. 23
Niagara Falls—Sept. 23
Montreal—Sept. 26-Oct. 4
Ottawa—Oct. 5-6

When he completes his tour, Mr. Hay will be posted to head office in Ottawa.

H. L. E. PRIESTMAN, Consul General and Trade Commissioner in Manila, the Philippines:

Vancouver—Aug. 29-Sept. 2

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan:

Vancouver—Sept. 1-2
Calgary—Sept. 6
Winnipeg—Sept. 7-9
Ottawa—Sept. 12-23

When he completes his tour and leave, Mr. Woolham will be posted to Paris, France, as Assistant Commercial Secretary.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.0345914.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 15	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01172	85.32	(1)
Austria	Schilling		.03721	26.87	
Australia	Pound		2.1744	.4599	
Bahamas	Pound		2.7180	.3679	
Belgium, Belgian Congo and Luxembourg	Franc		.01930	51.81	
Bermuda	Pound		2.7180	.3679	
Bolivia	Boliviano	Free	.00008460	11,820.33	
British Guiana	Dollar		.5662	1.77	
British Honduras	Dollar		.6795	1.47	
Brazil	Cruzeiro	General Category*	.004230	236.42	*Aug. 2 (2)
		Special Category	.002018	495.49	
		Official selling	.05110	19.57	(3)
Burma	Kyat		.2030	4.93	
Ceylon	Rupee		.2039	4.90	
Chile	Escudo	Free	.9188	1.088376	(4)
Colombia	Peso	Certificate	.1443	6.93	
Costa Rica	Colon	Official	.1721	5.81	
		Controlled free	.1453	6.88	
Cuba	Peso		.9666	1.03455	tax 2%
Czechoslovakia	Koruna		.1342	7.45	
Denmark	Krone		.1403	7.13	
Dominican Republic	Peso		.9666	1.03455	
Ecuador	Sucre	Official	.06444	15.52	
		Free	.05652	17.69	
Egyptian Region, United Arab Rep.	Pound	Official	2.7755	.3603	
		Export account selling	2.3875	.4188	
El Salvador	Colon		.3866	2.59	
Fiji	Pound		2.4486	.4084	
Finland	Markka		.003021	331.02	
France, Monaco, etc.	New Franc		.1973	5.068	(5)
French Territories, Africa	Franc		.003946	253.42	(6)
French Territories, Pacific	Franc		.01085	92.166	(7)
Germany	D Mark		.2318	4.31	
Ghana	Pound		2.7180	.3679	
Greece	Drachma		.03222	31.037	
Guatemala	Quetzal		.9666	1.03455	
Haiti	Gourde		.1933	5.17	
Honduras	Lempira		.4833	2.07	
Hong Kong	Dollar	Free*	.1692	5.91	*Aug. 5
		Official	.1699	5.89	
Iceland	Krona	Official	.02554	39.15	(8)
India	Rupee		.2039	4.90	
Indonesia	Rupiah	Official	.02148	46.56	(8)
Iran	Rial		.01276	78.37	
Iraq	Dinar		2.7064	.3695	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 15	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7180	.3679	
Israel	Pound		.5370	1.86	
Italy	Lira		.001557	642.26	
Japan	Yen		.002685	372.44	
Lebanon	Pound	Free	.3036	3.29	
Mexico	Peso		.07733	12.93	
Netherlands	Florin		.2563	3.90	
Netherlands Antilles	Florin		.5164	1.94	
New Zealand	Pound		2.7180	.3679	
Nicaragua	Cordoba	Effective buying	.1464	6.83	
		Official selling	.1371	7.29	
Norway	Krone		.1357	7.37	
Pakistan	Rupee		.2039	4.90	
Panama	Balboa		.9666	1.03455	
Paraguay	Guarani	Official	.007923	126.21	
Peru	Sol		.03600	27.78	
Philippines	Peso		.4833	2.07	
Portugal & Colonies	Escudo		.03373	29.65	(9)
Singapore and Malaya	Straits Dollar		.3171	3.15	
Spain and Dependencies	Peseta		.01611	62.08	
Sweden	Krona		.1875	5.33	
Switzerland	Franc		.2239	4.47	
Syrian Region, United Arab Rep.	Pound	Free	.2703	3.70	
Thailand	Baht	Free	.04567	21.90	(8)
Turkey	Lira		.1074	9.31	(8)
Union of South Africa	Pound		2.7180	.3679	
United Kingdom	Pound		2.7180	.3679	
United States	Dollar		.9665652	1.0345914	
Uruguay	Peso	Free	.08475	11.80	(10)
Venezuela	Bolivar		.2885	3.47	
West Indies Fed.	Dollar		.5662	1.77	(11)
	Pound		2.7180	.3679	(12)
Yugoslavia	Dinar	Official	.003222	310.37	(8)
		Settlement rate	.001529	653.9	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transcations.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Businessman's Bookshelf

Capital Imports into Sterling Countries

By A. R. Canon. 110 pages. $2.50.

BUSINESSMEN or students interested in economic development in Australia, New Zealand, India, Pakistan, Rhodesia and South Africa since the war will find this survey of capital movements a useful reference. This study makes clear the extent to which new factors have affected international investment in sterling countries. The data show that within a relatively short period the rate of capital absorption has varied in the different countries of the sterling area, that the composition of capital movements has altered, and that new sources of capital supply have been found, such as the IMF and the World Bank. The scale of these developments has effected a radical change in the pattern of international investment. Parallels are drawn, in the conclusion, between Canadian problems with external capital and the problems of the more developed sterling countries, such as Australia and South Africa.

Published by: Macmillan Company of Canada Limited, 70 Bond Street, Toronto.

Finnish Foreign Trade Directory, 1960

Finnish Foreign Trade Association. 544 pages. $8.50.

CLAPPED between covers made of a well-known Finnish hardboard and backed by Finnish leather, this book deserves mention if only because it is one of the most attractive directories we have seen. The choice of type, quality of paper, the layout and design make it a pleasure to read. And it is convenient too. The classified trades sections list Finnish exporters and importers under subdivisions according to the type of firm (exporter, importer, agent, manufacturer, etc.). Information about each firm is given in the alphabetical list. Products are also listed alphabetically in an index in six languages, with a cross-reference to the corresponding heading in the classified sections. A handy summary of facts about Finland, including trade statistics, coloured maps of the country, and a plan of Helsinki, complete the volume.

Order from: The Finnish Foreign Trade Association, Helsinki, Finland.

British Commonwealth and Empire Trades Index

Business Dictionaries Ltd. London. 971 pages. $5.00.

EXPORTERS accustomed to using the *British Commonwealth and Empire Trades Index* will be pleased to know that the 1959-60 edition has recently been released by the publishers. In it they will find lists of manufacturers, producers and distributors, classified by trades and also cross-indexed alphabetically. A section on trademarks and brands is included; so is one on registered cable addresses. The last two sections, Commonwealth and Empire and Foreign Countries Index, are in process of change from a combined alphabetical listing to a country-by-country listing. In this edition, the country-by-country listing has been completed only for Canada, Hong Kong, Singapore, Iraq Lebanon and Spain.

Order from: Business Dictionaries Ltd., 133-137 Fetter Lane, London, E.C.4, England.

New Zealand's Continuing Development

Australia and New Zealand Bank Limited. 90 pages Free.

THIS little handbook, a companion to *Australia's Continuing Development* (see *Foreign Trade*, Oct. 10 1959) takes an all-round look at New Zealand's economy. Literally full of illustrations—maps, graphs photographs and drawings—it is interesting and easy to read.

New Zealand has remained basically an agricultura country; the accent is on wool, though meat and dair products are produced in large quantities. Animal husbandry provides the country with its principal exports

The lack of raw materials and of a large home market has prevented establishment of heavy industry Light manufacturing has developed rapidly since th war, however, but it depends to a large extent o imports of raw materials, parts and equipment.

Like its Australian counterpart, this book include a section on transportation services, communication business practices and trade, of interest to exporters.

Order from: Australia and New Zealand Bank Limite Lambton Quay and Featherston St., Wellington, Ne Zealand.

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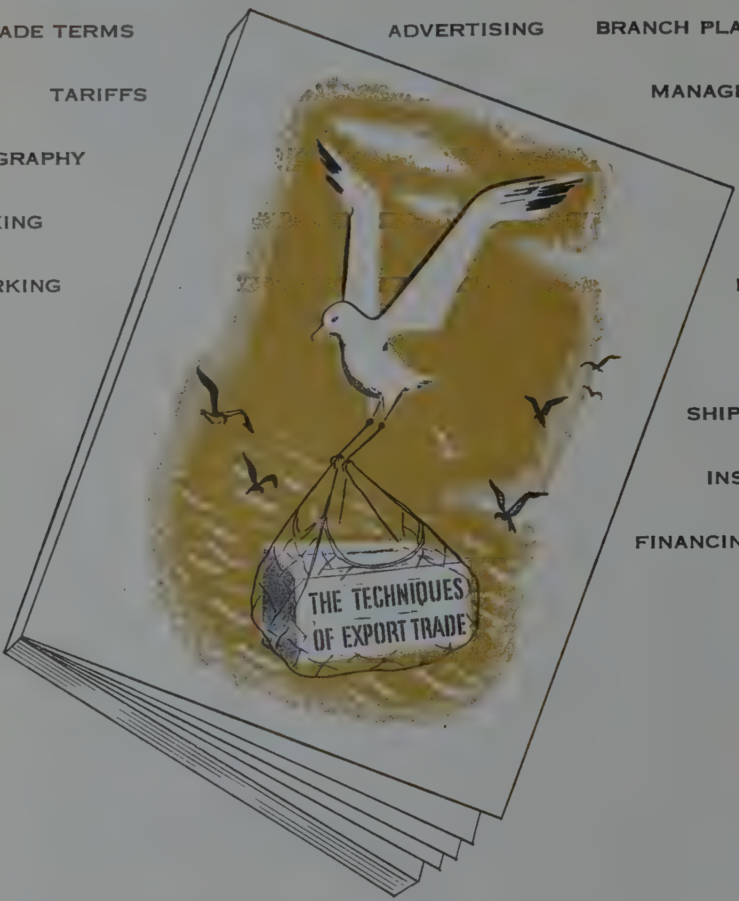

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SEPTEMBER 10, 1960

foreign trade

NADA

EXPORT TRENDS IN NUCLEAR PRODUCTS (pages 2-16)

foreign trade

Established in 1904

OTTAWA, SEPTEMBER 10, 1960 **Vol. 114, No. 6**

cover Building materials move on power hoists and, in the traditional way, on heads, as the Canada-India reactor and laboratory near completion just outside Bombay. The photograph shows the hemispherical steel dome (now closed in and covered with aluminum paint) that houses the pile, and the beginnings of the stone-walled annulus around the base. The reactor went critical in July. For a glimpse into nuclear developments in other countries and the implications for Canadian suppliers of equipment and services, see pages two to sixteen.

CANADA

2 **Export Trends in Nuclear Products** . . . *an up-to-date appraisal of developments in Europe, Latin America and Asia.*

3 **Mexico Develops Nuclear Energy** . . . *and seems a likely market for products and services that Canadians can supply.*

5 **Brazil in the Atomic Era** . . . *South America's biggest market for beam-therapy units plans its first atomic power plant.*

8 **Sweden Sets Up Atomic Reactors** . . . *to forestall electricity shortage as existing sources of power are exhausted.*

10 **Euratom Pushes Research Program** . . . *the latest report on EEC research arrangements, plus a useful list of organizations.*

13 **India's Atomic Program Progresses** . . . *Government seeks foreign assistance in planning nuclear power reactors.*

15 **Germans Study Nuclear Power** . . . *and set themselves an ambitious program. An interesting market that bears watching.*

19 **Colombia Needs Engineering Services**

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22 **Canadian Asbestos for World Markets**

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editorial

Export Trends in Nuclear Products

Now that atomic energy developments are proceeding at a more measured pace, it is possible to get a clearer picture of the prospects for trade in nuclear products.

The articles that follow point up the need for exporters of these products to think not exclusively of today but rather of developing future sales. These are being influenced by the desire of many countries (at all stages of industrial development) to benefit from the technological experience and prestige that come from sharing in atomic energy developments.

Producers of nuclear commodities will be required more and more to consider exporting components and expert knowhow (as well as co-operating with local engineers and industries) rather than supplying complete equipment. In this respect, nuclear exports do not differ from those of other engineering products: the single, compact export is being steadily replaced by more complex arrangements requiring great flexibility and imagination on the part of the exporter.

Canadian manufacturers of nuclear products are in a good position to succeed in foreign markets. The industry in Canada is backed by 15 years of experience in the operation and construction of research reactors and the use of radioisotopes, reaching back to the earliest days of the atomic age. Now, under Canada's power reactor program an operating power reactor is close to becoming a reality. Canadian firms have actual power reactor hardware to show and will shortly be able to point to operating experience.

With the sober outlook prevailing today in the atomic field, it should be easier for Canadian manufacturers to assess foreign requirements and take steps to prepare the way for future sales. Selling sophisticated technology is not done over the counter: years of preparation are needed for effective and long lasting results. And firms that take part in projects abroad are confronted with new problems which will lead to the development of new manufacturing skills and applications of their technical knowhow.

—R. A. FRIGON,
Chief, Engineering and Equipment Division

Mexico Develops Nuclear Energy

Mexico works to keep abreast of developments in nuclear energy and looks abroad for some supplies and technical knowhow. Canadians have a chance to compete for a share of the business while the industry is still in its formative stages.

A. A. LOMAS, *Assistant Commercial Secretary, Mexico.*

STEP BY STEP during the past decade, Mexico has evolved a program of research and development in nuclear science. This program has now reached a stage of considerable interest to Canadian suppliers of nuclear equipment and engineering services.

Probably the most significant measure in the past ten years was the establishment, late in 1955, of a National Nuclear Energy Commission (Comisión Nacional de Energia Nuclear, or CNEN). The law that created this commission made it clear that the general subject of nuclear energy was of such national importance that the responsibility for its development must rest with the Government. As a result the State, through CNEN, controls the Mexican program in almost every respect, including the exploration and exploitation of radioactive mineral deposits, scientific research and, eventually, the production and use of atomic power.

To understand Mexico's present position, it is useful to review results to date and the objectives of CNEN. Ultimately its aims are the production of electric energy from Mexican nuclear sources and the application of nuclear science to agriculture, medicine and industry. Since its establishment, CNEN has followed a coherent six-point program which can be summarized as follows:

the training and preparation of personnel
international co-operation
the exploration and exploitation of mineral resources
scientific research, theoretical and applied
protection from radioactivity
the application of research to agriculture, medicine and industry.

Scientists Trained

Working closely with the National University and universities in the provinces, CNEN has established faculties and courses to prepare Mexican scientists. These are now coming of age and well-qualified persons are travelling in a steady flow to the United States, Britain, France and Canada on scholarships for postgraduate research. A massive central library containing atomic studies from many countries has been assembled in Mexico City to supplement university libraries and CNEN has already published more than 80 original studies prepared by Mexicans.

Private enterprise is also participating in the educational program. The Mexican Light and Power Company, a Canadian-based firm, has provided ten scholarships for Mexican engineers to study nuclear engineering abroad. This company and the University of Mexico are members of the Atomic Industrial Forum of the United States.

Recognizing that Mexico made a later start than many other countries in establishing an atomic energy program, CNEN has taken an interest in promoting relations with similar organizations in other countries in order to benefit from their experience. Mexico is a member of both the International and the Interamerican Atomic Energy organizations and later this year will be host to a mission of experts from the International group which will visit this country to study its atomic developments. CNEN considers that Canada and Mexico have certain similar geographical and economic conditions, and it is therefore especially interested in Canadian developments in atomic energy.

Uranium Sources Located

Working closely with other government organizations, CNEN has mapped out an intensive exploration program to locate uranium reserves. To date more than 50 ore bodies have been found; the most promising are in the northwestern states of Sonora, Chihuahua and Durango. Extensive tests have been made and it is expected that these ores will provide raw material for a "yellow cake" concentration plant, soon to be built. A small pilot plant with a capacity of about ten tons a day is already in operation in Mexico City but the design and location of the first commercial operation will not be settled for several months, pending results of further tests and exploration. One CNEN technician has already visited Canada to study

Canadian methods of uranium extraction and concentration.

Closely linked to all other aspects of its work is the CNEN program of pure and applied research conducted in its own laboratories, in the universities, and by Mexicans studying abroad. In co-ordination with the University of Mexico, the Commission operates laboratories for studies in radiation, radioisotopes and inorganic chemistry; it is now building Mexico's first subcritical reactor. This reactor, which will be fueled with natural uranium, will be purely experimental. It will be followed, however, by a larger critical reactor which, in turn, will be the forerunner of an experimental installation to produce atomic-electric power.

Applied Research

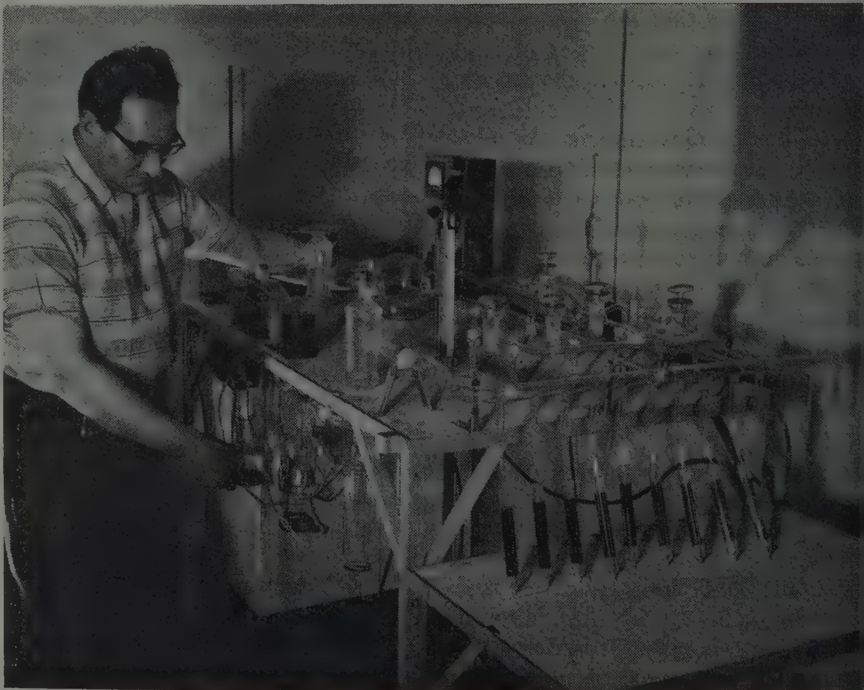
Despite the limitations of its basic research and development program, Mexico has made important progress in the application of nuclear energy to agriculture, medicine and industry. As noted, one of the principal aims of CNEN has been the eventual production of atomic-electric power. It has been estimated, however, that only about 65 per cent of Mexico's economically potential hydro-electric power has been used to date. Thus CNEN has been able to pursue its research in nuclear power without the urgency that has impelled more power-hungry nations. In addition to hydro potential, Mexico has vast reserves of gas, oil and coal, some of which will certainly be used to generate thermal power before any commercial atomic energy plants are installed. Meanwhile, CNEN will continue to install experimental reactors and will watch carefully the results obtained from the commercial reactors being operated or built in the United States, Britain, Canada and European countries.

Nuclear energy is also being used in the form of radioisotopes. CNEN estimates, for example, that about 60 beam-therapy units—some of them made in Canada—are already operating in Mexico. In its own shops and laboratories, CNEN is making geiger counters and in the near future will probably be producing other types of equipment to measure radioactivity. In addition, some industrial applications have been made, including an important development by CNEN and PEMEX, the national oil monopoly, for using radioactive tracers to locate stoppages in oil pipelines.

It is to the use of isotopes in agriculture, however, that CNEN is applying maximum effort because agriculture is still considered Mexico's most important industry. Here radioactive tracers are being used to improve crop varieties and research with isotopes to produce higher seed yields has been emphasized.

What to Offer

What do these developments mean to Canada and to Canadian companies? It is a basic principle of CNEN that Mexico's atomic energy program will be developed by Mexicans. At the same time, this country will certainly watch technical advances in other countries and this should mean opportunities for Canadian research agencies and private companies to offer know-how and related products and services. Mexico has not signed bilateral agreements with any other countries for this purpose nor are there many foreign firms active in



In the government-owned laboratories of the National Nuclear Energy Commission (CNEN) a Mexican technician makes adjustments to an intricate experimental layout. Since 1955 many such technicians have been trained under the government-sponsored education program, carried out in co-operation with Mexican universities and private industry.

the market. It has been reported, however, that French, Belgian and U.S. companies have made offers in connection with the uranium ore concentration plant and the critical reactor that are soon to be built, and this competition is certain to increase.

The market potential in Mexico in the general field of atomic development can be summarized as:

- *Mineral exploration and concentration*—The basic exploration unit, the geiger counter, is already being made in Mexico but other more specialized measuring equipment is imported. There is also some opportunity to offer engineering knowhow for the design, construction and operation of uranium ore concentration and treatment plants.

- *Reactors*—Mexico's first subcritical experimental reactor is already under construction at the National University. This will be followed by a critical experimental reactor and eventually by a prototype commercial reactor. This program opens possibilities for selling reactor components, ancillary equipment and technical knowhow. Sales potential for uranium reactor fuels will depend largely on progress made in producing uranium oxides in Mexico but it is apparent that these will not be available for some time.

- *Radioactive isotopes and related equipment*—The application of radioactive material in agriculture, medicine and industry is much further advanced than the country's ability to supply these materials from domestic sources. As a result, there will be for some years a growing market for imported isotopes and for the equipment—such as beam-therapy units and gammacells—with which they are used. Canadian firms must expect strong competition in this field from the United States, Europe and Japan. There is a market in Mexico for Canadian products and services for atomic research and use; major customers at present are the Comision Nacional de Energia Nuclear, the universities and hospitals. Canadian firms wishing to investigate these opportunities should contact the Commercial Division of the Canadian Embassy in Mexico for suggestions on the best way to approach the market. ●

Brazil in the Atomic Era

Tenders will be called this year for country's first nuclear power plant; two other reactors already produce most of isotopes needed. Outlook for imports of uranium not yet clear.

WILLIAM JONES, *Commercial Counsellor, Rio de Janeiro.*

BRAZIL, the largest and most populous country in Latin America, s as one might expect the leader here in the development of and plans for the use of nuclear power and products. A symptom of this s the title of this article—a direct ranslation of the name given to an tomic exhibition officially opened n Rio on July 16th. During the week of July 10th the Brazilian Nuclear Energy Commission played host to the Second Meeting of the Inter-American Nuclear Energy Commission. During the following week it played host to the Third Inter-American Symposium on the Peaceful Application of Nuclear Energy. In these gatherings it was apparent that Brazil has made great strides in the nuclear field and in particular in the planning of the first nuclear power plant to be established in South America.

First Power Plant Planned

Brazil's need for nuclear power plants is understandable. Its coal resources are not large and are located in the extreme south. Its hydro-electric resources, as far as experts on future Brazilian economic development can foresee, are insufficient to meet the power needs of the areas with concentrated population and industrial development. And, despite the state-owned oil industry's intensive campaign to find and develop new oil resources, even the optimistic Brazilians (and most Brazilians are optimistic) are beginning to wonder whether resources are restricted to an already-developed field in Bahia, which is in the northeast. It is true that efforts are being made to use the sun for power purposes, but as yet even the Brazilians do not consider that this source will prove economic in the foreseeable future. As a result they are, in increasing numbers, looking to nuclear energy to solve their power problems.

The Brazil National Commission for Nuclear Energy has determined upon the mouth of the Mambucaba River, between Rio de Janeiro and São Paulo, as the site of its first nuclear power plant. Although the studies are not yet completed, the Commission has indicated that capacity will be between 150,000 and 200,000 kw. and it has appointed a group to supervise the establishment of this plant. This group has already called upon foreign suppliers of nuclear power-plant equipment to state the nature of their abilities and register their names on the list of those who should receive calls for tender during the next six months. Because Brazil is short of foreign exchange, it may well be that any firm successful in its bid to supply this nuclear power plant will have to include a provision for some sort of credit financing. Moreover, the successful bidder will probably be associated with a Brazilian-based engineering and construction firm so that the maximum proportion of the components will be available from domestic sources of supply and paid for in cruzeiros. By ensuring that the Brazilian-produced portion of the contract is as large as possible, the Commission will also ensure that domestic contractors will obtain experience useful in the future. It is at present examining the industrial potential of Brazil with a view to determining the extent to which capable producers can supply components at an economic cost.

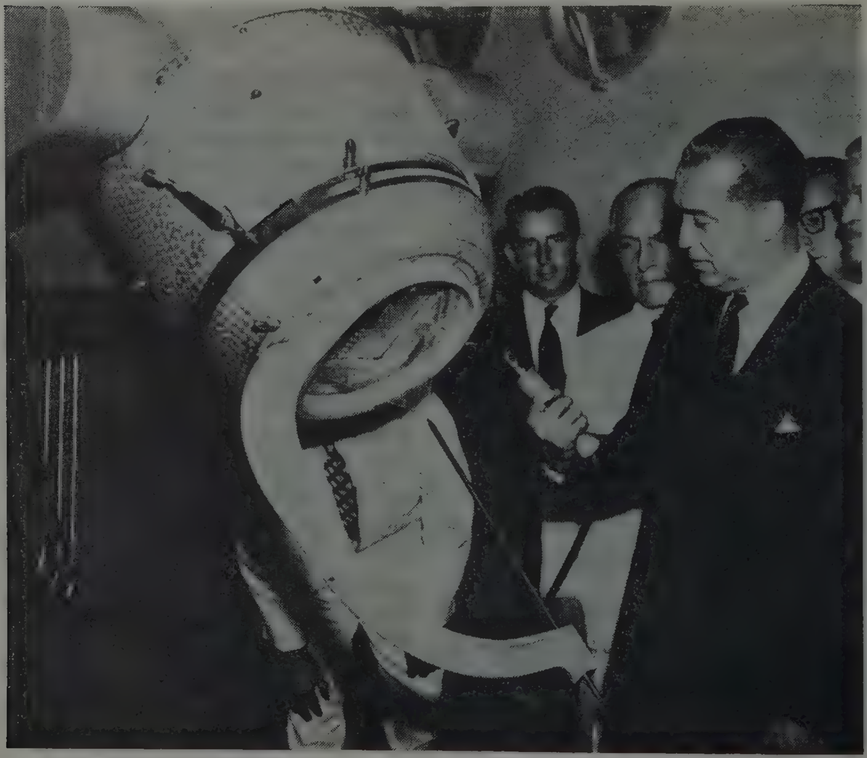
Opportunities for Canadians

Should the Mambucaba project proceed as expected, it is likely that some contracts will be let during the second half of 1961 or early 1962, and the plant should come into operation by 1965. Even if Canadian firms should make offers for the whole plant and be unsuccessful, the possibility of supplying parts to the successful bidder and the nuclear source of power—i.e., the uranium needed to complete the plant—will still remain. The Mambucaba project therefore provides opportunities for Canadian firms as prime or sub-contractors or as suppliers o uranium.

Buying Uranium

Although Brazil will requir uranium for the Mambucaba plant and will probably need it for th one which they build after the firs has proved successful, the futur of Brazil as a potential market fo Canadian uranium suppliers is b no means clear. Much will depen upon the success of developmen plans and their effect on the difficul foreign exchange problem, and upo the success or failure of the Nuclea Energy Commission in finding adequate and economic domestic or deposits. The Commission describe the quest for and production o basic raw materials as occupyin first-rank priority in its program.

Early in June, the Atomic Energ Institute in São Paulo announce the development of a new chemica process for extracting uraniu from monazite, a domestic ore (There are at present facilities fo producing 5,000 tons a year.) pilot plant has been installed an



Brazil is one of Canada's best customers for cobalt beam-therap equipment and a number of Canadian-made units are doing duty in Brazilian hospitals. Here Presider Kubitschek examines one of them on an inspection tour in Rio de Janeiro. The biggest importer of these units at present is the Goverr ment, mainly because of the existing system of exchange controls.

small quantities of reactor-grade uranium produced. If this new process proves suitable for large-scale application and richer sources of uranium are not found meanwhile, it seems likely that the extent to which this country will meet its own future uranium requirements will be determined by the minimum production deemed desirable for national security and by the availability of foreign exchange to buy the remainder abroad. At present, one company is mining caldasite, a zirconium ore with uranium content, and two others are mining and concentrating monazitic sands. A plant to produce sodium uranate has been started and two others are planned. In a country as large and as unexplored as Brazil, one can assume that there are a number of undiscovered uranium-ore bodies and that, as the interior is developed and the apparent domestic demand ncreases, prospectors employed or encouraged by the Nuclear Energy Commission will locate more suitable and economic deposits than the present ones.

Training Specialists

Under the guidance and encouragement of the Nuclear Energy Commission, Brazilian institutes have made and are making rapid advances in the provision of facilities and courses for the training of pecialists in the nuclear field. The irst swimming-pool reactor in South America was installed in São Paulo n 1957 and went critical in Sepember of that year. Around this entre an intensive program for the raining of scientists and technicians s well under way and Brazilians ave shown both ability for and daptability to this type of work. Another reactor, of the Triga type, as recently arrived in Belo Horionte and will shortly be installed t the Institute of Radioactive Research there.

The São Paulo reactor in parcular has augmented studies of the se of isotopes in agriculture. It has ffered courses on their application and the reactor itself produces a variety of them. Similarly, there are courses on the medical application of isotopes in well-equipped laboratories especially for the purpose. The Belo Horizonte reactor, purchased from the United States, is reported to be intended for the production of isotopes for medical purposes. Unfortunately, difficulties encountered in the import of radioisotopes make the sale of these products to Brazil extremely difficult, except for a few uses with high priority. It can generally be considered that Brazil is self-sufficient in isotopes except for extremely powerful radioactive sources which cannot yet be produced internally or for which there is such small demand that domestic production would be unwarranted economically. In the long run, it is probable that the Brazilians, who are extremely proud of their technological advances, will endeavour to produce all their requirements and indeed to export, if only to neighbouring countries. Although Brazilian scientists and business leaders are well aware of the potential value of isotopes in special industrial applications, it is doubtful whether they will come into widespread use for some time. This is because there are many basic production problems to be sorted out and standards to be established before they turn to examination of these finer points.

Beam-Therapy Units

In the beam-therapy field, Brazil is the largest market in South America and the one with the greatest potential. A number of Canadian-produced units are already in operation in various hospitals throughout the country and additional purchases are being considered. Canadian suppliers encounter strong competition from European and U.S. private firms. However, as Brazilians normally wish the best equipment, Canadian equipment often has the edge, even in the face of price shaving, etc., by competitors. Much of the present active interest in imported equipment of this type and value is restricted to government-controlled or supported organizations, because imports by the Government are paid for with dollars which cost only Cr.$100 each, while private hospitals, clinics or doctors must purchase import dollars at a rate which at present is approximately Cr.$230 to U.S.$1.00. Private groups normally do not have sufficient funds at their disposal to buy equipment at this rate of exchange, and were they to do so, the cost of treatment with the equipment would, from the point of view of the relatively small segment of the population which would need and could afford such treatment, be excessively high. The reasoning of such patients and their physicians would be that, as suitable equipment is available in government institutions, arrangements with the appropriate government authorities would permit them entry into government hospitals for treatment at little or no personal cost.

Outlook

In brief, the future of atomic energy in Brazil is closely tied in with the success or failure of the country in its present drive to develop and diversify its economy. If this drive is successful and continues, it may well be that production of power by nuclear means will be a great contributing factor. The extent of this contribution will depend in large degree upon Brazil's ability to tackle its foreign exchange problems within the next few years.

Millionth Curie Exported

Recent shipment of a Theratron B cobalt 60 unit and source to Brazil from Atomic Energy of Canada Limited marked the export of the millionth curie of Canadian-produced isotopes; cobalt 60 for cancer treatment accounts for over half of this. In the past 12 years some 4,000 shipments of radioactive materials have been made to no less than 50 countries.

Sweden Sets Up Atomic Reactors

Both the Government and private industry are working in the atomic field; lack of energy resources is leading Swedes to concentrate on nuclear power studies.

A. P. BISSONNET, *Commercial Counsellor, Stockholm.*

SWEDEN generates about 95 per cent of its electricity from hydro power resources. With demand for power increasing by about 6 to 7 per cent a year, it is estimated that the remaining potential which can be developed at reasonable cost will be exhausted within 15 years. After that, additional capacity must come from generating stations using fossil or nuclear fuels. Because Sweden has practically no domestic coal supplies, its fuel consumption at present is based almost entirely on imported oil, more than one-third of which is used as fuel for domestic heating. Of Sweden's total imports, fossil fuels account for 20 per cent and this percentage is rising. From an economic point of view it is therefore important that the Swedes develop improved power and heating efficiency schemes. An active nuclear energy program is naturally one of these.

Organization

According to Swedish law, control or operation of reactors or other nuclear installations is subject to licence and these are available to both government corporations and private enterprise.

In 1947 a special corporation was formed to take charge of industrial nuclear projects—AB Atomenergi (Swedish Atomic Energy Company). The State owns four-sevenths of this corporation and public utilities, engineering, electrical and other industries, shipyards, vehicle and aircraft factories, power producers, insurance companies, etc., own the remainder. AB Atomenergi is really a link between government and industry on nuclear matters.

In addition to AB Atomenergi, the following important Swedish corporations are actively engaged in atomic development programs:

Vattenfallsstyrelsen (State Power Board)—the largest single power producer in Sweden

Atomkraftkonsortiet (AKK) — a consortium of leading private power companies

Allmanna Svenska Elektriska AB (ASEA)—The Swedish General Electric Company

AB Bofors—the famous arms company working with its subsidiary Nydqvist & Holm AB

Johnson Group—large shipping interests, working with Westinghouse

Swedish Shipbuilding Research Foundation—working with shipyards, AB Atomenergi, and universities on nuclear propulsion

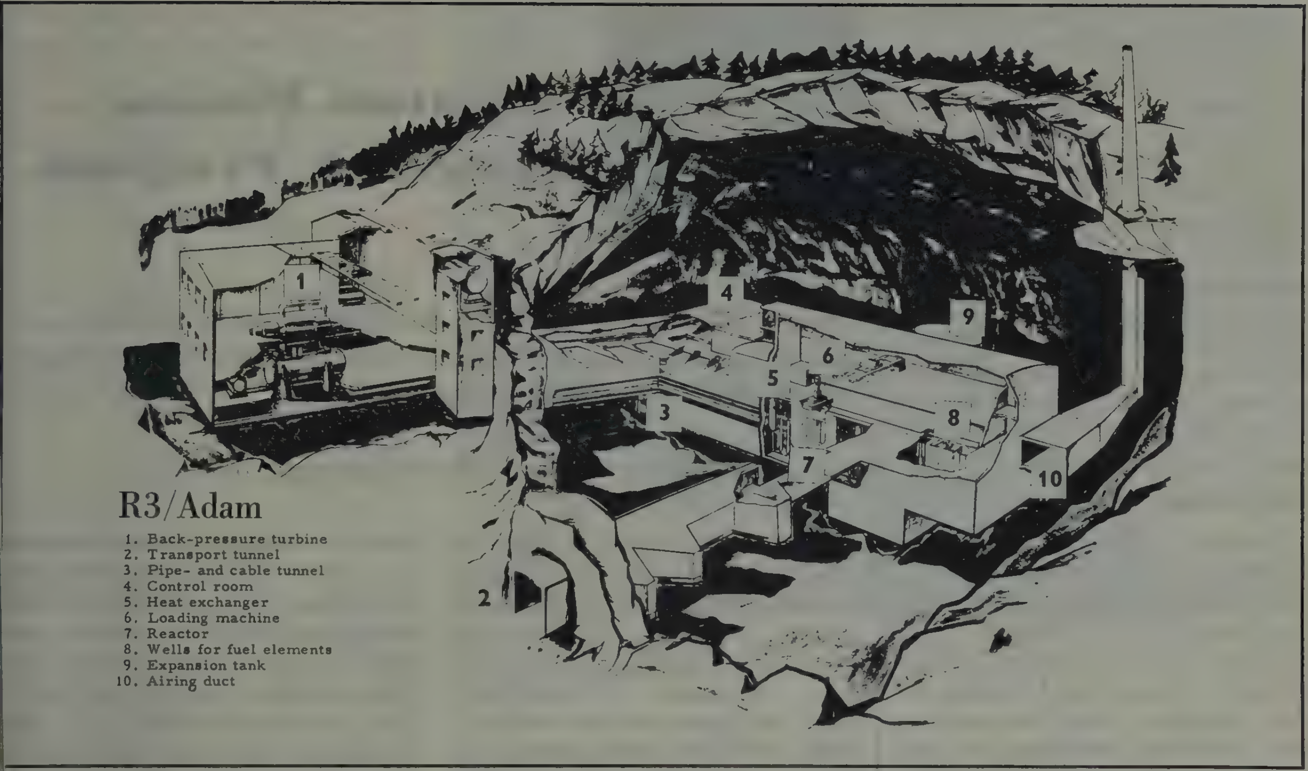
Sveriges Mekanforbund—Association of Swedish Mechanical Industries.

In deciding on a program, Sweden has adopted what might be termed a "wait-and-see" attitude. At this stage she is certainly not in a position to decide on any one line for the development and use of nuclear power. Nor, bearing in mind the traditional national policy of independence, can she do nothing and rely on imports. Rather, it seems, she has elected to try several approaches to the development and use of nuclear power, learn what she can from limited imports, and decide later what policy is best. In doing this, the economic factors outlined at the beginning of this article are being carefully weighed.

As mentioned above, a large proportion of the energy imported is used for domestic heating. To an increasing degree, central district heating schemes are being developed for large urban centres. As a result the possible use of nuclear reactors for these heat supplies is being studied. The feasibility of combining these with power production through back-pressure turbines could eventually mean a market for a large number of such units in the range of 30 megawatts thermal upwards.

The reactors described below are prototypes built for experience and are not necessarily economic. Not until the late 1960's will Sweden have a large-scale nuclear power station designed to produce electricity or heat competitively; the installed nuclear capacity by 197 will, it is estimated, be 2,000-3,000 megawatts. In the meantime, Sweden is methodically going about the development of an industry that will largely meet its own requirements in raw materials and equipment.

- **R-1**—Sweden's first experimental reactor has been operating since 1954. Situated 60 feet below ground



The R-3-Adam reactor hall is placed in a rock excavation that has an internal gas-tight coating of concrete and steel sheet.
—Drawing courtesy Atomenergi Aktiebolaget.

n the city of Stockholm; designed or 300 kw. but now operated coninuously at 600 kw. Has three tons f natural uranium metal rods for uel, canned in aluminum tubes, vith five tons heavy water as a noderator. The natural uranium inludes 21 kilograms of U-235. Jsed for research and experimental vork and the production of radioctive isotopes.

R-2—This reactor is located at tudsvik, 80 miles south of Stockolm on the Baltic coast. It is a 0-megawatt reactor supplied by merican Car & Foundry Industries nc., of the United States, for aterial testing and due to go into peration some time in the autumn 1960. Of the modified swimming-ool type, it uses enriched uranium nd ordinary water.

R-3-Adam—Sweden's first apied nuclear project. Located just tside Stockholm at Farsta, in solid ck, this reactor is to supply the rrounding area with 65 megawatts for heat and 12-14 megawatts for electric power. It is expected to come into operation in late 1962 or early 1963. It is a pressure tank, heavy-water type of reactor.

As a logical development in heating, low-pressure steaming is also being investigated by those working with this reactor for possible use in the pulp industry.

In its R-3 reactor program, the semi-state AB Atomenergi is working closely with other organizations and companies. ASEA (The Swedish General Electric Company) is the main supplier of components and, with its own laboratories, is co-ordinating detail design work. The fuel elements are being manufactured by ASEA and Kohlswa Jernwerks AB and consist of long tubes of natural uranium. Loading mechanisms are being designed by Nydqvist & Holm AB (locomotive and turbine manufacturers) and the State Power Board is doing much of the construction. In addition, Kohlswa Jernverks AB has been studying UO_2 sintering, and AB Svenska Metallverken and AB Bofors have undertaken materials research. The uranium is expected to come from domestic sources at Kvarntorp and will be converted to uranium dioxide powder by the Atomic Energy Company.

- **R-4-Eva**—A 100 - megawatt power station, probably sited at Finnerödja, about 150 miles west of Stockholm, will be Sweden's first full-scale atomic power plant. Although 1965 was the time originally fixed for this reactor to come into operation, it is now delayed and may not be operational before 1967 or 1968. This will be a pressurized, heavy-water type of reactor.

Meanwhile the State Power Board and AKK—the consortium—are considering the import of a reactor in the near future, especially in view of the power industry's desire to gain as much experience as possible before switching over to atomic power.

Sweden has its own uranium shale deposits, and mining operations are going on at Kvarntorp and Ranstad in Bedingen. Available quantity of uranium is estimated at more than one million tons. However, these shales are of rather low grade and the processing cost is exceedingly high. If the normal course of development in the use of atomic energy is pursued for the '70's, it is probable that substantial imports will be justified from the cost point of view. The Swedish Geological Survey is actively prospecting for richer uranium deposits.

The Market

Because of the national policy of independence, Sweden has endeavoured to meet as many of its own requirements as possible in the development of its atomic energy program. Research and training are well advanced, as are the mechanical, electrical, metallurgical and other relevant industries. Swedish industry in general has shown an active desire to venture into the atomic field.

There will, none the less, be a market in Sweden for specialized apparatus and equipment used in the atomic field that the country cannot itself produce economically. Instruments, electronic devices, computers, prospecting instruments, some chemicals for research—these are but a few. For the uranium mill at Kvarntorp, the crusher is being purchased in Germany, the screening equipment in Sweden, and the heavy media separation plant from France.

Special pumps and valves with instruments could come from Canada, as could fabricated titanium and Zircaloy.

There is a limited market in Sweden for products using radioactive sources. There are only three beam-therapy units in Sweden and probably a market for another three if funds and trained personnel to operate them are available.

Canadian radioactive isotopes with uranium and cobalt-60 sources should also find a limited market. ●

Euratom Pushes Research Program

Projects approved stress studies on lowering cost of nuclear power, application of radioisotopes and radiation, and investigation of controlled thermonuclear reactions.

P. T. EASTHAM, *Assistant Commercial Secretary, Brussels.*

SET UP by the Treaty of Rome on March 25, 1957, to foster the conditions essential to the speedy establishment and growth of nuclear industries, the European Atomic Energy Community (EURATOM) came into operation on January 1, 1958. Since that time, events have necessitated a fundamental and far-reaching change in the approach to nuclear power development in the Community. The sense of urgency that characterized the earlier planning stemmed on the one hand from the large increase expected in energy requirements, and on the other to the fear of a shortage of traditional supplies of fossil fuels. The first premise remains valid, particularly because of the high level of industrial production in the Community. However, the shortage of traditional fuels, which in the post-Suez period seemed a likely possibility, has not materialized. On the contrary, the Community now has a large surplus of coal and assured supplies of gas and oil in France and the Sahara.

Acquiring Experience

In these circumstances, electricity producers have been inclined to look at nuclear-power stations in terms of straight economics and, on the whole, have been in no hurry to commit themselves to large undertakings until nuclear power has become competitive. Therefore Euratom is putting even greater emphasis on research aimed at lowering the cost of nuclear power. At the same time, it is encouraging electricity producers to proceed now with the construction of nuclear stations in order to acquire the necessary experience and skills to be able to take full advantage of the situation when such stations become competitive.

The Euratom Commission recently published its third General Report covering the period from March 1959 to April 1960. It describes the activities of the Commission during this period and reviews the present state of the Euratom research and development programs. In addition, it contains some interesting forecasts on the development of nuclear power in the Community over the next twenty years.

Future of Nuclear Electricity

Euratom experts have concluded that by 1980 the Community could have installed nuclear power in excess of 40,000 megawatts, or the equivalent of 250 nuclear power plants of 150 megawatts each.

To reach this conclusion, the experts took estimates of general energy requirements, determined the portion to be provided by electricity, and then calculated the amount that could come from nuclear power. The extent to which this figure could be achieved depends naturally on the cost of the nuclear kilowatt relative to the traditional one. Here they applied the following estimates based on the Pittman Report for B.W.R.-type stations:

COST OF POWER

	1960-65
Traditional stations	about 8.7 mills
Nuclear stations	about 11 mills
Difference between the cost of nuclear and traditional kwh.	nuclear higher by 20-30 per cent
	1965-70
Traditional stations	about 7.3 mills
Nuclear stations	about 7.5 mills
Difference between the cost of nuclear and traditional kwh.	equality
	1970-80
Traditional stations	about 7.3 mills
Nuclear stations	under 7.3 mills
Difference between the cost of nuclear and traditional kwh.	nuclear distinctly cheaper

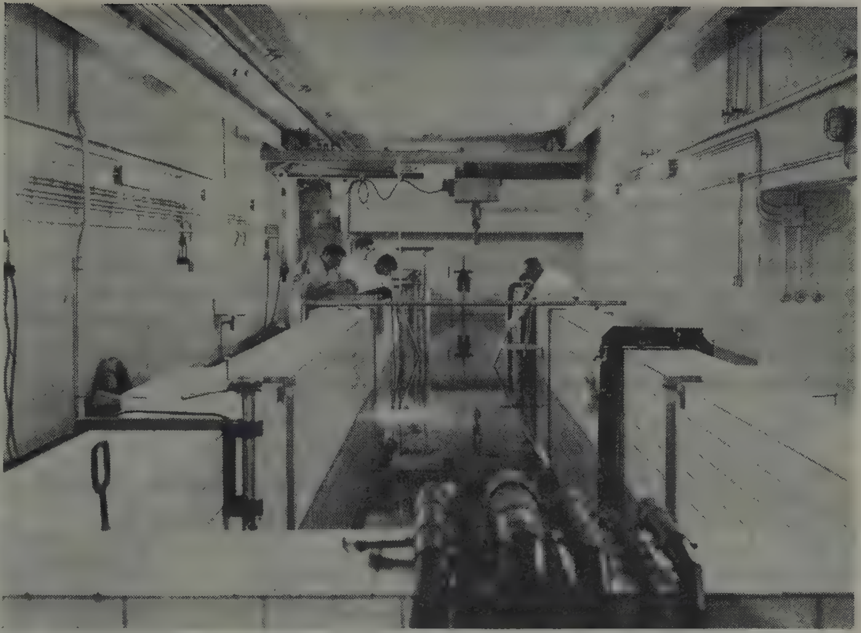
The following table summarizes their conclusions:

	1960-65	**1965-70**	**1970-80**
Nuclear portion of new capacity		½	2/3
Requirements accessible to nuclear power in 10^9 kwh.	14	105	342
Requirements to be satisfied by nuclear power in 10^9 kwh.	14	53	228
Net installed nuclear power in megawatts	2,000	7,600	32,600

In 1980 nuclear power would provide about 30 per cent of total electrical energy, or more than the total electricity to be produced by all sources in 1960.

Euratom Research Program

In addition to nuclear power, the Euratom research program covers the application of radioisotopes and radiation, as well as the study of controlled thermonuclear reactions. The program may be carried out in the Joint Nuclear Research Centre through supplementary contracts or joint enterprises with private firms, through contracts of association with member countries, and through agreements with outside countries. Rather than create a new and separate research centre, the Commission plans to integrate into the Joint Nuclear Research Centre existing installations in various parts of the Community. These arrangements and consequently the planning of the research program were, until just recently, in the preliminary stage, chiefly because of delays in the integration of the ISPRA Research Centre. However, this difficulty was removed in July when the Italian Government ratified the Convention transferring the centre to Euratom. Plans call for a working force of 1,500 in ISPRA and expenditure of $40 million on new installations by 1962. In addition, an agreement has just been concluded between Euratom and the Belgian Government for completion and common exploitation during a 20-year period of a high-flux reactor and other facilities at the Mol Nuclear Energy Centre. This will involve expenditure of $20 million in the next two years. Agreements in principle have been reached with the Dutch Government regarding the Petten establishment and the German Government for the Karlsruhe establishment.



Research technicians in the Nuclear Energy Centre at Mol, Belgium, handle uranium bars under water in a hydraulic channel, after removal from the BR 1 reactor.

As for research on power production, Euratom is participating in two OEEC projects: the boiling heavy-water reactor at Halden, Norway, and the Dragon project at Winfrith Heath, Britain, a graphite-moderated, gas-cooled reactor. Euratom has also undertaken, in co-operation with Atomic Energy of Canada Ltd. under the bilateral agreement concluded last year, research projects in natural uranium reactors moderated with heavy water and organically cooled. Under the Euratom-United States agreement, research has been carried out on hydrogen-moderated reactors cooled with water or organic liquids, and also on plutonium re-cyclage. A contract has been concluded with a Dutch firm for the study of a homogeneous suspension reactor. The Commission also proposes to develop a fast breeder reactor in co-operation with Britain and the United States, but unlike the projects in those countries, it will use plutonium instead of uranium 235.

Projects in the power field are centred on the Euratom-U.S. agreement under which the Export-Import Bank has offered to contribute to the financing of U.S.-type reactors in the Community. Of the five reactors that were expected to be built by 1963, only two are going ahead. One of these, the SENN project in Italy, is now under construction. It will have a boiling-water reactor of 150 mw., with a possibility that it will be increased to 200 mw. The other, the SENA project in Belgium, which was recently granted the status of a joint enterprise by the Euratom Council of Ministers, is to have a pressurized-water reactor with a power of 200 mw.

So far, the bulk of the research and development carried out in the Euratom countries has been under national programs. At present there are nearly 50 reactors in operation or under construction in the Community, of which 10 are primarily power rather than research reactors. The Euratom program is designed to supplement national efforts in the peaceful applications of nuclear energy and to assist in the co-ordination of projects.

Although the development of nuclear industres in the Six has been slower than was expected, forecasts give some ground for optimism about the long-term prospects. ●

Principal Organizations in the Nuclear Industry of the Community*

GERMANY

AKS, grouping six companies	Construction of a 150,000 kw. reactor, in co-operation with Atomics International
AVR, grouping 12 electricity producers	15,000 kw. reactor at Jülich
GEK in Bavaria, comprises the Bavaria "Land" and five private companies	Construction of reactors
SKW, grouping five enterprises	Construction of two big atomic stations
Versuchsatomkraftwerk Kehl, grouping two companies, including the Rhineland-Westphalia Electricity Company (which owns 80 per cent of shares)	Atomic research
KBB, 50 per cent of whose shares are held by the authorities	Construction of reactors
GKSS, comprising shipbuilders, oil companies and shipping lines	Construction of reactors for ships

BELGIUM

Centre d'Etude de l'Energie Nucléaire "CEN" The CEN is the cornerstone of Belgium's nuclear industry and belongs both to the authorities and to private concerns	Training of technicians, research and experimental work
SEEN, grouping 20 companies	Training of engineers and research workers in Anglo-Saxon laboratories
SYCA	Installation and operation of nuclear appliances
Bureau d'Etudes Nucléaires "BEN"	Nuclear station engineering
Belgo-Nucléaire	Design, development and sale of reactors; manufacture and retreatment of fuel elements; radioisotopes
NDA Europe, grouping the American NDA and the Société Générale des Minerais	Engineering
MMN, comprising the firms Metallurgique de Hoboken, Fabrique Nationale, ACEC and Belgo-Nucléaire	Manufacture of fuel elements and reactor cores
BELCHIM, representing Belgium's participation in the international organization	Research and construction work at Mol
EUROCHIMIC, for the chemical treatment of irradiated fuels (factory at Mol)	
Uraninga, a syndicate of companies	Setting-up in the Congo of an isotope separation plant

FRANCE

Atomic Energy Commission (CEA) an official organization	The basis of France's atomic program
Electricité de France (EDF) state-controlled	Construction and operation of power reactors
ATEN, a documentary organization	Exchange of information, public relations work
Aldocatom, Algerian subsidiary of ATEN	Same function as above
France-Atome	Study of atomic industrial complexes
Indatom	Nuclear engineering
Auxi-Atome	Nuclear engineering
SATNUC	Engineering, particularly in the field of nuclear chemistry
GETEA	The study, manufacture and operation of all nuclear materials
SERATOM	Engineering
SADERN	Operation of nuclear appliances
CARATOM	Production, sale, loan and maintenance of research and experimental equipment
Conservatome	Preservation of products by means of irradiation
Propatome	Atomic propulsion of ships
Sud-Atome	Same as above
CERCA and SICN	Production of nuclear fuels

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Brevatome	Administration of industrial property rights, contracts, licences and patents
Cofinatome	Financing of industrial atomic projects
Alsatian-Atlantic Atomic Energy Group	The nuclear industry
Fluviatome	Applications in the field of aviation
Franceville Uranium Mines	Uranium
SARIE	Radioisotopes and their applications
CICAF	Sintered nuclear fuels
SRTI	Research into gaseous distribution processes
SIMO	Ores, engineering
SETU	Narbonne uranium factory (EDF contract)
SIMU	Prospection and operation of uranium deposits
SOD	Manufacture of heavy water
USSI	Construction of a plant for isotope separation
FRAMATOME	Construction of nuclear reactors
Centre Lyonnais d'Applications Atomiques	Research
ITALY	
CISE (Information, Research and Experimental Centre). 90 per cent of shares held by the State	All work connected with nuclear research
SENN	Construction of an atomic station in southern Italy
ENI	Research into radioactive elements
AGIP	Installation of a power station near Milan
NETHERLANDS	
Reactorcentrum Nederland, with majority control by State, representing the basis of the Dutch atomic energy program	All work connected with nuclear research
KEMA, grouping electricity producers	Construction of a reactor at Arnhem
SKK	Atomic propulsion for ships
SEP, grouping electricity companies	Construction of an atomic power station at Gertruidenberg
Neeratom	Installation of atomic power stations

India's Atomic Program Progresses

Canada-India reactor, India's second, went critical in July; plans for three power reactors now taking shape. Market for needed capital equipment may develop; uranium metal will come largely from domestic sources.

H. A. GILBERT, *Trade Commissioner, Bombay.*

THIS year marked the completion of the second step in the production of electricity by the use of atomic energy in India when the $20 million Canada-India Reactor at Trombay, some 20 miles northeast of Bombay, went critical on July 10. Canada's share of the capital outlay was $10.7 million. The initial step was Apsara, India's first atomic reactor of the swimming-pool type, which went critical on August 4, 1956.

In 1955 it was jointly agreed by the two Colombo Plan partners, India and Canada, that a Canada-India Reactor, patterned after the NRX reactor at Chalk River, should be constructed. With the help of the experience gained by Canada at Chalk River in the preceding eleven years and with the assistance of personnel, equipment and knowhow donated by Canada, Indian scientists, engineers, architects, artisans and labourers have toiled with the Canadians to produce one of the biggest reactors of its kind in the world. It will provide facilities for fundamental research in physical, chemical, biological and metallurgical problems related to atomic energy. In addition, it will be able to produce radioactive isotopes for use in medicine, agriculture and industry—in due time, probably enough radioisotopes for India's total requirements, with a surplus for export. However, in terms of industrial development the C.I.R. is even more important, because it will provide a training-ground at home for the thousands of engineers who will be required to carry out India's plans for producing atomic power to meet the ever-increasing demand of ever-growing industry.

The C.I.R., though basically it duplicates the Chalk River reactor, has been modified to meet local requirements. For example, the Chalk River reactor is housed in a conventional brick building but the pile at the Canada-India reactor is contained in a hermetically sealed, steel cylindrical shell, with a hemispherical dome which is air-conditioned to provide an even level of temperature and humidity necessary for the proper functioning of the electronic equipment and also to make possible temperate working conditions for the operating staff. In addition, the design includes a built-in safety factor necessary in a thickly populated area like the outskirts of Bombay. This steel dome, covered with aluminum paint and later to be clad with anodized aluminum sheet, provides a glistening landmark for passengers on planes arriving at the nearby Bombay airfield. The visitor travelling by road sees, as he rounds the hump of the 800-to 900-foot hill behind which the reactor and its accompanying buildings nestle, a spectacular sight.

On the right, like a finger pointing heavenwards, stands the 400-foot stack for waste gases. In the centre sits the silver glistening dome of the reactor proper, with its surrounding stone-walled annulus. Leading away from this runs the three-quarter-mile-long jetty that carries to the sea the pipes through which the cooling water is pumped. On the left, for all the world like a young mushroom pushing its way through the earth, is the ball-shaped reserve water tank, constructed of prestressed concrete and with a capacity of 850,000 gallons. The more sports-minded have likened this structure to an enormous golf ball sitting on a tee.

A condition not met in Chalk River and for which the C.I.R. has had to be modified is the high temperature of the cooling water, which comes from the northern extension of Bombay harbour. The temperature of this water varies from about 80 degrees F. to over 100. On an incoming tide in the height of summer, the surface water reaches a temperature as high as 110 degrees F. (Chalk River water temperature does not exceed 70 degrees.) Accordingly in the C.I.R. the water-cooling system has had to be modified by the inclusion of heat exchangers. In addition, because the coolant is sea water, there is special provision for offsetting the corrosive effects of salt.

When the adjoining laboratory and other buildings have been finished and the landscaping completed, India will have a reactor of which all those who played a part in its construction will be justly proud.

Electricity from Atomic Power

India has its coal fields, its many hydro- and thermo-electric power plants, and its oilfields. But, though there are plans for their expansion and further development, it is recognized that the country's rapidly-increasing power and energy needs will not be met from these sources alone. The Atomic Energy Commission of India is therefore planning for nuclear power stations. The first one is to be built in the Bombay-Ahmedabad region, with the hope that it will be completed by 1965-66. It is proposed that this plant consist of two power reactors of 150,000 kilowatts and involve an expenditure of $62 million. Two additional power stations have been recommended for inclusion in the Third Five Year Plan but their location has not yet been decided. Also included is a recommendation for financing the purchase of fuel in the form of 100 to 120 tons of uranium a year.

Foreign Collaboration

India is seeking foreign collaboration in planning power reactors. Several countries have already expressed a willingness to assist. From various reports it appears that Russia will be working with India in the erection of the first plant near Ahmedabad in the newly formed and power-hungry state of Gujerat. Both the United States and the United Kingdom will probably enter into negotiations with India in the near future for constructing additional reactors in power-deficient areas.

As the building of power reactors will involve collaboration between India and foreign governments or consortia of foreign companies, the supply of the needed capital equipment not available from Indian sources will come for the most part from the countries involved, with due regard to competitiveness in price and quality.

Uranium Sources and Needs

On the southwest coast of India in the State of Kerala there are deposits of monazite estimated at 1.5 million tons. Indian Rare Earths Private Limited has been working these deposits for several years. Thorium (10 per cent) and uranium (0.3 per cent) have been obtained from these sands as by-products and shipped for refining to the atomic energy establishment at Trombay. Uranium and thorium have been discovered in Bihar State and further promising deposits of uranium-bearing ore in Rajasthan. India's total reserves of uranium are reckoned at 30,000 tons and of thorium at 500,000 tons.

Though there is a potential yield sufficient to meet India's needs, these indigenous sources have yet to be developed. At present, however, India's requirements of uranium metal are small. Consumption at the C.I.R. will not exceed four to six tons a year and even then, this consumption is unlikely to begin for another year or so, when the C.I.R. is operating at capacity for extended periods. Metal for the initial fuelling of the power reactors will not be required until the first one nears completion some five or six years from now.

It is evident that indigenous sources of uranium should be sufficient to meet India's requirements in the near future and when these requirements increase as the power reactor program advances, her reliance on offshore supply will depend upon the extent to which extraction from indigenous sources is developed.

Isotopes

The advance in nuclear development has been reflected in the medical field, in which India is joining with other nations. Up to the present, there are six cobalt 60 deep-therapy units being used in India to treat cancer. Canada donated three of these under the Colombo Plan and sold two commercially; the sixth is a small unit obtained from Germany. Provision has been made for three more units to arrive this year as a part of the 1960 Colombo Plan allocations from Canada. With the general recognition by the Indian medical profession of the superiority of cobalt 60 therapy units over deep x-ray therapy equipment, demand for these is growing rapidly. Whether import licences will be granted to satisfy this demand in face of India's shortage of foreign exchange will depend largely upon the recognition that this method of cancer treatment is not only more economical to set up but will also save foreign exchange.

Two years ago the Indian Government purchased from Canada a gamma cell for agricultural research; this was installed in the Agricultural Research Institute near Delhi. As industrial development advances and the need of maintaining quality control to meet world competition becomes obvious, the use of gamma cells will become widespread. So far, they have not been introduced into Indian factories. ●

Germans Study Nuclear Power

Atomic energy program lays stress on nuclear power; as it develops, so should collaboration between Canada and Germany in this field.

G. F. MINTENKO, *Assistant Commercial Secretary, Bonn.*

GERMANY made a late postwar re-entry into the field of nuclear research and development, yet the Federal Republic today should be ranked among the leading countries in the field.

There are four research reactors operating in the Federal Republic, two more are on order, and a seventh is under construction. A number of others, including full-scale power reactors, are under detailed consideration. Some 260 German firms are engaged in one phase or other of the nuclear field.

In 1955 West Germany obtained from the Western Allies the right to carry on nuclear research and development. In the same year the Federal Government formed a Ministry for Atomic Affairs which is charged with the task of co-ordinating all government functions concerned with the development and exploitation of nuclear energy. All of West Germany's work in this field is for peaceful purposes. Early in 1956 an advisory body, the German Atomic Commission, was formed; its membership consists of leading nuclear scientists, industrialists and economists.

Nuclear Power Objectives

In 1957 the Commission announced and the Atomic Affairs Ministry subsequently endorsed what is known as the "500 Megawatt Program", which is a statement of German objectives in the nuclear power field. Under this plan, it is proposed to have, by 1965, 500-megawatt nuclear energy stations. This capacity will be developed from four or five plants of the following types:

1. A graphite-moderated, gas-cooled natural uranium reactor.
2. A heavy-water-moderated and cooled natural uranium reactor.
3. A light-water-moderated and cooled reactor with slightly enriched uranium.
4. A high-temperature reactor with gas cooling and enriched uranium.
5. A reactor cooled by an organic substance, with natural or slightly enriched uranium.

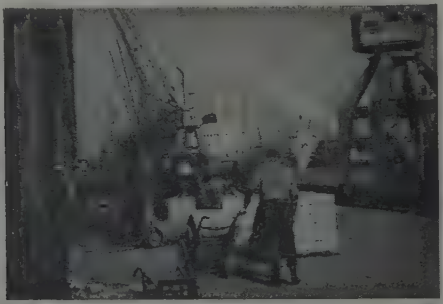
The plants would be built by private enterprise but the Federal Government would assist in their financing in various ways.

Even at the time that the plan was published, it was not foreseen that nuclear energy would represent in the very near future a fully competitive source of electric power. Realization of the plan was intended, however, to provide the German reactor-construction industry with experience and to familiarize German agencies for supplying electric power with the problems of exploiting nuclear energy.

In the last three years the cost of power produced from plants burning fossil fuels has come down appreciably and power from nuclear plants, from a purely economic point of view, has become even less attractive. It is thus extremely doubtful that the objective of the plan will be reached in 1965, but it is probable that the following five years will see the implementation of at least part of the Commission's program. Three of the five reactor types proposed by the Commission (types 1, 2 and 3 above) are being studied in detail by electric-power producers and firms designing reactors.

Market for Uranium

Understandably, heavily industrialized Germany expects in the future to design its own nuclear equipment and to become an exporter of atomic plants. This should, however, still leave room for profitable collaboration between Canadian and German firms engaged in this field. From the point of view of the Canadian uranium-mining industry, Germany should become a relatively interesting market from the late 1960's on. The extent of German uranium requirements will depend not only on the number of power reactors in operation but on the design, and consequently the fuel requirements of, these reactors. Officials and industrialists engaged in this sphere do not seem up to now to have committed themselves irrevocably to any particular type of design as best suited to German conditions. The approach is a pragmatic one, involving in the first instance working with a number of different types. It is perhaps a hopeful sign, however, that the first German-designed reactor, now under construction at Karlsruhe and expected to go critical late this year, is a 12,000 kw. heavy-water-moderated and cooled natural uranium fuel plant. This design was in many respects inspired by that of Atomic Energy of Canada Limited's NRX installation at Chalk River. ●



Commodity Notes

Aluminum

URUGUAY—Aluminio del Uruguay S.A., an associated company of Aluminium Ltd. of Canada, has planned substantial extension of its plant in Montevideo to keep up with the increasing demand for aluminum products.

The company will install immediately a new extrusion press with a capacity of 1,500 tons, and a rolling press of 1,800 tons capacity during the first months of 1961.

Aluminio del Uruguay S.A. is one of the principal enterprises in Uruguay. The existing plant in Montevideo produces 2,000 tons a year of aluminum sheets, angles and extrusions, and the new extension program will practically double its present capacity—Montevideo.

Apples

UNITED KINGDOM—The official forecast of the 1960 dessert apple crop in England and Wales is 14.9 million bushels, the biggest crop on record. This tops the 12.9 million last year and the five-year average (1955-59) of 11.7 million bushels.

The crop of Cox's Orange should reach 6.1 million bushels compared with 4.2 million last year. Worcester Pearmains prospects are poorer at 3.4 million bushels compared with 4.0 million last year. Other varieties may reach 5.3 million bushels, 700,000 more than in 1959.

Production of cooking varieties is also expected to be exceptionally high. Of a total crop of 16.8 million bushels, Bramleys may account for 11.1 million. Last year the total cooking crop reached 13.7 million of which Bramleys accounted for 8.7 million—London.

Apple Juice

UNITED KINGDOM—British apple growers are being urged to enter the soft fruit-drink industry. Experts say that the obvious outlet for surplus fruit is in apple juice production first, because it makes use of the greatest proportion of apples and second because the British have become accustomed to fruit juice, especially cloudy or pulpy products.

Bristol University's Long Ashton Research Station has been investigating the economics of apple juice production and has pointed out the high cost of making clear juice and also the variability of the product. The research station is therefore experimenting with the blending of apple juice with other products such as pineapple, orange, raspberry and prune juice—London.

Bamboo Television Antennae

JAMAICA—Forty-foot bamboo poles are being exported from Jamaica to Canada to be used on Canadian houses as TV antenna towers. The Canadian businessman who thought of this use for bamboo says that bamboo TV poles have proved capable of withstanding strong winds and bad weather better than metal ones —Kingston.

Canned Fruit

SOUTH AFRICA—The California Packing Corporation of the United States has leased the fruit-canning factory of the Tulbagh Fruit Industries (Pty.) Ltd., for five years from July 1, 1960, with option to purchase any time within that period. The South African Preserving Co. (Pty.) Ltd. has been established to control this arrangement, and it is proposed to market the fruit, previously sold under the names "Capehill" and "Rockhill", under the "Del Monte" label. These products will, on export overseas, enjoy the benefits of British preference where this applies.

Tulbagh is about 80 miles by rail and road from Cape Town and is the centre of an area growing excellent quality fruit—Cape Town.

Confectionery

JAPAN—The Japanese Ministry of International Trade and Industry has announced, effective in September, the allocation of U.S.$1,260,000 for the import of confectionery from all countries—Tokyo.

Electric Power

SPAIN—A credit of $9.4 million has just been granted by the Export-Import Bank to Compañia Sevillana de Electricidad for construction of the Cristóbal Colón thermic plant near Huelva (southwest Spain). It will be used to buy turbines, generators and other equipment from General Electric. The new plant will have a capacity of 62,500 kw. and should be completed during the first quarter of 1961—Madrid.

Electric Power

COLOMBIA—The municipality of Armenia, in the Department of Caldas, is initiating a campaign for installation of a hydro-electric or thermo-electric plant. It will supply power to this city of 100,000 persons and to the surrounding rural area. In the Department of Antioquia, the city of Dabeiba (population 21,000) is planning to instal a 400 kw. power plant—Bogotá.

Generators

SWITZERLAND—Brown-Boveri & Co. Ltd., of Baden, Switzerland, has opened a new factory at Birrfeld to make generators and motors of over ten metric tons. The new plant, with an investment value of about Sfr.87 million, employs some 400 people—Berne.

Jet Aircraft

BRAZIL—A fleet of 22 jet aircraft of the *Paris* type, manufactured by the Maurone Salnier factory in France, have been bought by the Brazilian Government. These aircraft, plus eight others purchased several months ago from the same company, will be used to carry government officials on the Rio-Belo Horizonte-São Paulo-Brasilia route. The transaction is of a barter nature and the cost of the planes, valued at U.S.$176,000 each, will be paid in coffee—Rio de Janeiro.

Minerals

UNITED STATES—Mineral production in Michigan in 1959 was valued at $368.6 million, compared with $343.5 million in 1958, according to the Bureau of Mines, U.S. Department of the Interior. Increased activity in the construction industries resulted in larger shipments of cement, gypsum, sand and gravel, and crushed stone. Cement production, valued at $78.9 million, again ranked first in value followed by iron ore $64.3 million, sand and gravel $37 million, salt $35.1 million, copper $34.9 million, stone $30.2 million, and petroleum $29.8 million.

Metallic minerals accounted for 27 per cent of the total value of Michigan's mineral production in 1959, compared with 30 per cent in 1958. Copper output totalled 56,415 short tons, down from the 1958 total of 58,005, though higher unit prices (31 cents per pound) increased the value of shipments from $30.5 million to $34.9 million—Detroit.

Nylon Fishing Nets

INDIA—A Japanese firm will establish a Can.$800,000 factory to make nylon fishing nets at Mahuva in the State of Gujerat. The factory will employ 100 workers and will produce nets worth Can.$27,000 every month —Bombay.

Oil

INDONESIA—An economic co-operation agreement involving a credit of 18.8 billion yen for oil exploitation in north Sumatra has been signed between Permina

Oil Company of Indonesia and the Japan Exploitation Company. Permina will repay the credit by granting 40 per cent of all excess crude oil produced during the next ten years. Permina's present annual production is reported to total 800,000 tons, but it is expected that with Japanese aid it will rise to 2.5 million—Djakarta.

Paper

SPAIN—The Spanish Government, wishing to boost annual paper output, has declared the group of Spanish companies coming within the so-called Plan CEPAL (Central de Papeleras Libres) to be "of national interest". Plants in Cataluña and the Basque provinces will be modernized and new ones created in Galicia and Aragón to produce paper competitive in quality and price. The Galicia plants will turn out 45,000 metric tons a year of newsprint; the Cataluña plants 15,000 metric tons of writing paper; the Basque provinces 3,000 tons of special paper (transparent for drawing or airmail); Aragón 9,000 tons of greaseproof paper, 20,000 tons of cardboard, 20,000 tons of kraft and 40,000 tons of corrugated cardboard (processed and prepared in Aragón)—Madrid.

Paraffin

BRAZIL—Petrobras has announced that Brazil is now exporting paraffin. It is estimated that during the first year of operation, shipments may be valued as high as $10 million—Rio de Janeiro.

Plastic Toys

IRELAND—Gaeltarra Eireann (a government agency) is to build at Spiddal, County Galway, a new factory to make plastic toys. The plant is expected to be completed towards the end of the year—Dublin.

Steel Pipes

INDIA—India's first large-diameter steel pipe plant is scheduled to go into production in September. Part of the new government-owned steel complex at Rourkela (built with German collaboration), the plant will have a capacity of about 150,000 tons a year of electric resistance weld pipe, ranging from 8 inches to 20 inches outside diameter. Production is expected to meet the entire Indian demand and allow a substantial margin for export to neighbouring countries.

The first sales contract has been signed for the supply of 51,000 tons of 14-inch pipe to Burmah Oil Company (Pipe Lines) Ltd. The pipe will be used to build the second stage of a crude oil pipeline from Assam to a refinery now under construction in Bihar—New Delhi.

Sugar

GHANA—Ghana's Industrial Development Corporation and Agricultural Development Corporation have jointly embarked on a £3½ million sugarcane plantation scheme at Komenda in the Western Region.

A representative of a Dutch firm of sugar consultants undertaking the work says that eight varieties of sugarcane have been planted for experimental purposes. The current rate of sugar consumption in Ghana is about 40,000 tons a year and the new refinery to be built under the scheme should produce about 20,000 tons a year—Accra.

Synthetic Rubber

BRAZIL—Plans are under way for construction of a synthetic rubber plant in Recife (formerly Pernambuco) using alcohol extracted from sugarcane as a basic raw material. The plant will have a capacity of 21,000 tons a year. The project is part of the industrialization program set up by the Brazilian Federal Agency for the development of northeastern Brazil—Rio de Janeiro.

Textiles

VENEZUELA—In the industrial area of Maracay, the central zone of Venezuela, work has been started on a large textile factory. The new plant, Texfin C.A., will cost approximately Can.$1,800,000 and will be one of the most important textile plants in Venezuela. It will produce high quality silk and cotton textiles and will eventually employ some 1,200 workers—Caracas.

Uranium

BRAZIL—A uranium pilot plant built completely in Brazil is now operating at the São Paulo Atomic Energy Institute. The new plant is expected to produce 30 kilos of pure uranium per day—São Paulo.

Tours of Territory

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will be in attendance at the Canadian Government exhibit in the Brno International Trade Fair from September 11-25.

D. J. McEACHRAN, Assistant Trade Commissioner in Hong Kong, will visit South Vietnam, Laos and Cambodia from September 4-24.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will be in attendance at the Canadian Government exhibit in the Zagreb International Fair from September 10-25.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Freyseng and Mr. Thomson at Vienna, Mr. McEachran at Hong Kong.

Hydro-electric development, irrigation schemes, resources surveys, new industries—Colombia needs all these to provide for a growing population. These projects call for skilled engineering services, some from abroad. Canadian companies willing to make a serious approach to this market might win a share of the business.

NEIL L. CURRIE, *Assistant Commercial Secretary, Bogotá.*

Colombia Needs Engineering Services

COLOMBIA, a country of 14 million people, has many natural resources waiting to be developed. This development is needed urgently because the growth in population has nearly equalled the rise in production in recent years. In addition, as in other countries undergoing industrialization, the population is shifting from the country to the city.

Industrial and agricultural output have been increasing in the last two years and this has meant a greater demand for electric power development, for industrial construction, for irrigation projects, and for new roads and bridges. Some of the engineering services needed for these projects can be supplied by Colombians themselves. For others, they must look to foreign countries. This means that Canadian engineers may find opportunities for their special skills in this country, mainly in four fields: hydro-electric and thermal-electric development, irrigation and drainage schemes, resource surveys, and general industrial engineering.

Hydro-Electric Development

Hydro-electric schemes offer Canadian engineers particularly worthwhile opportunities. Colombia's hydro-electric potential is estimated officially at 75 million kw., with only 500,000 developed and 380,000 under construction. Another 113,000 kw. of thermal power is being developed. The mountainous terrain effectively divides the country into distinct areas and makes the construction of transmission lines expensive. Thus most generating stations serve only the surrounding area and appear small by North American standards. The capacities of the stations probably do not give a true idea of the size of the projects that will include dams, sluiceways and complementary installations. Nor would a direct comparison of costs be a true guide, for the cost structure is different from that in North America or Europe. However, the partial list of projects under way or planned, shown in Table I, will give some idea of the potential.

Three important official entities operate outside the aegis of the Instituto. They are:

1. Corporación Autónoma Regional del Valle del Cauca—in charge of electrical, agricultural and industrial development of and irrigation projects for the huge, rich Cauca Valley.
2. Empresas Unidas de Energia Eléctrica de Bogotá—which controls several services in the Bogotá area, including hydro-electric development.
3. Empresas Públicas de Medellin—which is responsible for the development of hydro-electric projects in the Medellin area, as well as other services. It also administers the services.

If a Canadian firm is to win any engineering business in Colombia, it is probably essential for it to have an office in the country or to be connected with a local firm. Foreign engineering companies are achieving considerable success by joining forces with local engineering or construction firms. The local firm has access to additional knowhow in this way and the foreign firm obtains an entrée into the market. Voluminous correspondence and even occasional trips into the country by representatives of foreign firms seem to achieve little. Canadians should bear in mind, however, that contracts for feasibility studies and design services usually are won after a patient cultivation of the market.

Railway Development

Another major development is approaching implementation—the exploitation of thousands of acres of forest and agricultural land along the new 1,000-kilometre railroad from Bogotá (the capital) in the interior to Santa Marta on the Caribbean Coast. This will be the first complete rail line from Bogotá to either the Caribbean or Pacific Coasts. It follows roughly the eastern side of the Magdalena Valley down to the sea.

A project to tax the ingenuity of engineers is the provision of an inexpensive means of connecting the rail line at Santa Marta with Barranquilla, the major port on the Caribbean. Santa Marta is a secondary port and a beautiful resort area. Separating Barranquilla and Santa Marta are the mouth of the Magdalena River, a large area of sandy, swampy land, and a large salt water lake called Cienaga Grande which at times of heavy rainfall has an appreciable flow seaward. At the present time some planners feel that the connection must be by canal through the swampy land despite the relative slowness of this method.

The large areas of potential agricultural land through which the railway runs will need drainage and irrigation. Official estimates put the arable area at nearly half a million acres, which will all be made accessible at the same time—when the last spike is driven. It is suitable for growing rice, cotton, corn, sugar and tropical fruits and for raising cattle. In addition, large tracts of hardwood forest will be tapped.

This land is in the largest single area still awaiting development, aside from the great and virtually uninhabited eastern plains. Yet it represents less than half the land

COLOMBIAN HYDRO-ELECTRIC PROJECTS, UNDER WAY OR PLANNED

TABLE I

Entity	Name of Project	Capacity	Estimated Cost	Engineers	Financing
Corporactión Autónoma Regional del Valle del Cauca Apartado Aéreo 2366 Cali, Colombia.	Calima	120,000 kw.	U.S.$25 million	OLAP, Bogotá	IBRD & Government
	Yumbo	33,000 kw.	Ps. 45 million	not yet known	IBRD & Government
Empresas Unidas de Energia Eléctrica de Bogotá Calle 14 ♯12-50 Bogotá.	Salto II	68,000 kw.	U.S.$17.6 million	OLAP	IBRD & Empresas
	Laguneta	20,000 kw.	Ps. 20 million	OLAP	IBRD & Empresas
Empresas Públicas de Medellin Apartado Aéreo 940 Medellin.	Guadalupe III	80,000 kw.	U.S.$18 million	Campeon Bernard of Colombia, Moreno of Brazil, Brown & Root of U.S.	IBRD & Empresas
	Nare River	150,000 kw.	not yet estimated	not yet known	IBRD & Empresas

The Instituto de Aprovechamiento de Aguas y Fomento Eléctrico, Carrera 13 ♯27-00, Bogotá, is a centralized agency that assists in the design, contracting and financing of projects undertaken by 15 municipal entities. Some of these entities and the projects they plan are listed in Table II.

TABLE II

Entity	Name of Project	Capacity	Estimated Cost	Engineers	Financing
Centrales Eléctricas del Tolima Calle 12 ♯2-39 Ibagué.	De Prado	45,000 kw.	Ps.45 million	Sogie, France	IBRD & Government
Electrificadora de Cundinamarca, S.A. Carrera 13 ♯27-00, Piso 3 Bogotá.	Rio Negro	10,000 kw.	Ps.16 million	Sogie	Instituto, Govt. & Department of Cundinamarca
Central Hidroeléctrica del Rio Lebrija Carrera 19 ♯24-56 Bucaramanga.	Rio Sogamoso	150,000 kw.	not yet estimated	not yet known	Govt. & Empresa Colombiana de Petroleos
Centrales Eléctricas del Huila Neiva.	Betania	30,000 kw.	Ps.45 million plus U.S.$7 million	not yet known	not yet known
Central Hidroeléctrica de Caldas Apartado Aéreo 83 Manizales.	La Esmeralda	26,600 kw.	U.S.$4.6 million	Integral of Medellin	IBRD
Instituto de Aprovechamiento de Aguas y Fomento Eléctrico Carrera 13 ♯27-00, Piso 3 Bogotá.	Paipa (Thermal)	33,000 kw.	Ps.70 million	French consortium	Government & Instituto

suitable for irrigation, according to official estimates. The following areas are still to be irrigated in various parts of the country.

Cauca Valley	740,000 acres
Sinu Valley	990,000 "
César Valley	2,470,000 "
Magdalena	4,940,000 "
Others	1,240,000 "
Total	10,240,000 "

Resources Surveys

Although Colombia is rich in mineral and water resources, no general resources survey has been carried out. Some planners feel strongly that the country should apply to the UN Special Fund for assistance in such a project. A partial resource survey of the Eastern Cordillera is already planned and an application has been made to the Special Fund. A survey would take three or four years to complete and would cost about U.S.$300,000. Interested firms should contact the UN Special Fund in New York. Considerable aerial photography has already been done in some areas under the aegis of the Instituto Geográfico and Canadian companies have been responsible for a large share of this work.

Industrial Engineering

The Government has declared that it will encourage growth of the following industries through price supports and import restrictions. The products they turn out will replace imports and this will allow more of the limited foreign exchange income to be spent on capital goods.

Industrial

- beverages
- tobacco and cigarettes
- textiles
- wood
- pulp and paper
- rubber
- non-metallic mining
- basic metals
- metallurgical industries
- chemical products
- petroleum products

Agricultural

- wheat
- vegetables
- cocoa
- spices
- wool
- cotton (long staple)
- edible oils

This list serves as a rough guide to industrial development and to the type of industrial engineering services that will probably be required. Colombia has its own capable engineers, architects and contractors but specialists are still needed.

The pace of industrialization is indicated by the fact that machinery and electrical equipment now makes up the largest single class of imports. Imports of trucks, machinery and telephone apparatus more than trebled during the past year.

Projects Planned

Among the industrial projects under way or planned are:

Soda ash plant on the Caribbean coast—an expansion to the present property costing Ps.23 million. Output will be 100 tons of soda ash a day and 40 tons of electrolytic caustic soda. A 10,500 kw. electric power plant is to be built on the site.

An oil company, Ecopetrol, in conjunction with the Colombian Government, plans to build an ammonium nitrate plant at Barrancabermeja with a capacity of 50 tons a day. It will cost Ps.137 million.

Unbleached pulp—Container Corporation, with Cartón de Colombia and the Colombian Government, is building a plant, also at Barrancabermeja, to produce unbleached pulp for cardboard.

Paper products—Grace and Company is building a plant near Cali to produce bonds, printing papers and light kraft from sugar-cane bagasse.

Tissue—Richmond Pulp and Paper Co. of Canada Ltd., through Kruger Paper Inc. of New York, plans to start construction shortly of a plant at Pereira to produce tissue.

National steel mill, Paz del Rio—is installing a rolling mill and has applied to IBRD for assistance in installing another bank of coke ovens, a pelletizing plant and an additional rolling mill. ●

Refractories in India

INDIA'S refractory industry has grown substantially in recent years with the progress of industrialization and development of the iron and steel industry. In 1958-59, India produced 450,000 tons of refractories valued at Can.$15 million, compared with 280,000 tons in 1955-56.

Annual installed capacity according to types produced at the end of April 1959 is as follows:

Bricks and shapes—firebricks 480,040 tons, silica refractories 58,000, basic refractories 29,000, high alumina refractories 10,000, and insulating refractories 6,400.

Other types—fire cements and mortar 85,800 tons, and dead burnt magnesite 40,320.

Last year India imported over Can.$7 million worth of refractory products, bricks and other refractory construction material, chiefly from West Germany and the United Kingdom. Other suppliers were Denmark, Belgium and Holland.

On the basis of schemes already approved it is expected that by 1962 total production capacity will have reached 1.04 million tons of bricks of all kinds, 220,000 tons of fire cements and mortar, and 70,000 tons of dead burnt magnesite. At the end of the Third Five-Year Plan (1961-66) installed capacity should be near 1.5 million tons.

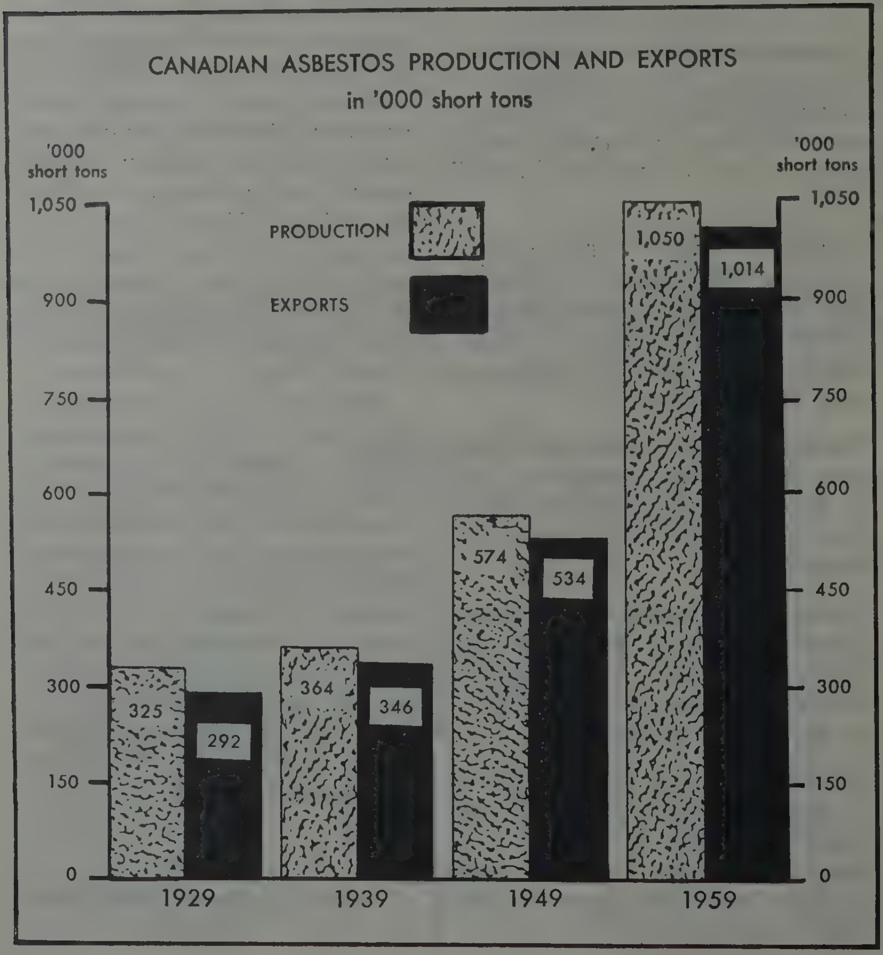
India has enough raw materials to support a big refractory industry. Fireclay is found in large quantities almost everywhere, chrome ore is found in Bihar, Orissa, Mysore and Maharashtra and magnesite in Madras and Mysore. There are also deposits of dolomite, kyanite and siliminite. Research has expanded greatly since 1950 with the opening of two national laboratories, the Glass and Ceramic Research Institute in Calcutta and the National Metallurgical Laboratory in Jamshedpur.

G. P. MORIN,
Assistant Trade Commissioner,
Bombay.

Canadian Asbestos for World Markets

Producer of nearly 60 per cent of the world's asbestos, Canada depends on foreign demand to market its soaring output. Who buys it and what countries compete with us?

R. P. MULVIHILL, *Metals and Minerals Division.*



CANADA continues to be the world's leading producer of asbestos fibre; an estimated 50 to 60 per cent of the asbestos used today throughout the world originates in Canada. Experts believe that the largest deposits in the world are to be found at Thetford Mines and Asbestos, in the Province of Quebec. Last year Canadian mines produced 1,050,000 tons out of an estimated world output of two million tons from 35 countries.

Asbestos is not the name of a single mineral but a term applied to a variety of fibres that differ widely in composition. They have a number of qualities in common, however—they will not burn or rot, are impervious to weather, and termites will not attack them. Chrysotile, the Canadian type and the most widely used, can be described as an hydrated silicate of magnesium. No one knows exactly when asbestos was first discovered in Canada, but commercial mining began in 1875. (The company that initiated operations then is today the only family-owned Canadian asbestos firm.) By the 1920's, output had reached 300,000 tons.

Canada now has ten firms producing asbestos—nine in Quebec and Ontario, and one in northern British Columbia—and it has been able to maintain its leading position first gained at the beginning of this century. Two of these firms have only begun operations in the last few years, and the others have modernized their plants and increased their capacity.

Mining and milling are the two principal operations carried on: mining is done by both the open pit and underground methods and milling involves crushing, drying, screening and grading the fibre. Canadian mills have a rated capacity of 64,800 tons a day and fibre recovery ranges from 3 to 20 per cent, depending on the ore being fed to the mills and the grades produced. Six per cent is the average recovery.

The Canadian industry has been built upon export markets and about

CANADIAN EXPORTS OF ASBESTOS FIBRE

	1958			1959		
	Short tons	Dollars	Percentage in tons	Short tons	Dollars	Percentage in tons
United States	582,366	48,426,000	67.2	629,231	54,638,177	62.1
Europe	123,097	19,673,305	14.2	179,795	27,066,987	17.7
United Kingdom	65,304	7,859,913	7.5	69,234	9,128,713	6.8
Asia	32,752	4,445,309	3.8	66,428	8,661,598	6.6
Latin America	35,955	5,814,036	4.1	39,568	6,299,644	3.9
Australasia	23,759	3,904,630	2.8	25,537	3,958,068	2.5
Africa	3,397	618,820	0.4	4,129	678,105	0.4
Total exports	866,630	90,745,013	100.0	1,013,922	110,431,292	100.0

95 per cent of total output goes to foreign countries. Last year shipments were made to 56 countries and were valued at a record $110,431,282. In fact, asbestos ranked seventh among the primary and semi-processed metals and minerals that Canada exported in 1959. In recent years, the greatest competition in export markets has come from South Africa, Southern Rhodesia, and the U.S.S.R.

Asbestos Products

Seventeen Canadian firms specialize in the manufacture of asbestos products such as pressure pipe, board, siding, floor tiles, insulation, shingles, textiles, papers, packings, brake linings, clutch facings and many other items. Countless other firms use asbestos as an industrial raw material in their products. Asbestos cement products, principally pipe and sheet, have assumed great importance as construction materials in Canada since 1948, when the first plant for making pressure pipe was built near Toronto. The figures below indicate the remarkable expansion that has taken place in this division of the industry in the past twenty years.

Although the export trade in asbestos products cannot be compared with that in asbestos fibre it has obtained an encouraging volume of business. One of the keener exporting firms shipped manufactured asbestos products to approximately 35 of the 43 countries that purchased Canadian asbestos products last year. Such factors as transportation charges for heavy asbestos-cement products, labour costs, tariffs and the practice of manufacturing where possible for domestic use have meant that the build-up of our export business in asbestos products has been slow. It is significant, however, that the volume of production has almost reached domestic demand and exports in 1959 rose to $1.9 million, an increase of approximately 300 per cent in the past ten years.

ASBESTOS PRODUCTS

	1939	1949	1959
	(in millions of dollars)		
Production	1.8	10.3	30.5
Plus imports	1.1	2.6	4.0
Total	2.9	12.9	34.5
Less exports	.5	.4	.7
Apparent consumption	2.4	11.5	33.8

Problems Encountered

A great deal more than just the taking of orders is involved in building a business the size of our asbestos industry. As one would expect, the Canadian firms are active in all market areas and technical agents—or at least those specializing in sales of industrial raw materials—are appointed wherever possible. A number of the fibre-producing companies also maintain factories turning out asbestos products and ship mainly to these plants. In most cases, however, the sales managers of the various firms are constantly making round-the-world trips, calling on present and potential customers in foreign markets. This is the most effective way to carry on a business almost entirely dependent on export.

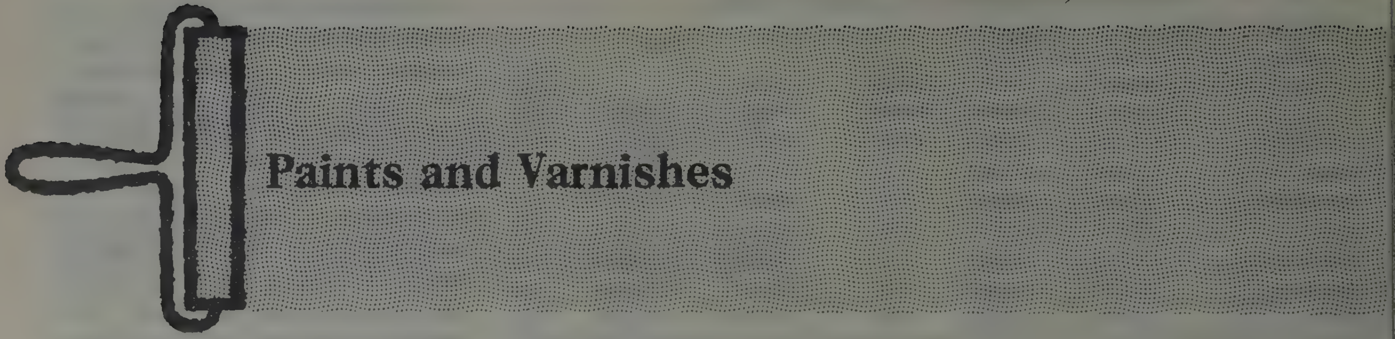
Competitive prices both here and abroad and the introduction of new materials such as plastics and fibreglas make progress a constant struggle; however, the record shows that the industry can cope with such problems. Technical service and product research have become the main vehicles of progress in the industry. The fibre producers maintain laboratories to study the technical problems of customers and both questions and ideas are brought in to these laboratories by the sales force. These problems are worked out and recommendations made—for example, on which of the more than sixty different qualities of fibre is the most economical to use and will provide the specific properties the customer wants in his product.

Outlook

Because of foreign competition and greatly expanded Canadian production, the industry has not operated at capacity in the past year. But there are signs pointing to greater world demand in the future, such as the growing use of asbestos fibre for making pipe, sheet, floor tiles and other products. Research into the making of better asbestos products is constantly going on and new developments, such as the recently announced progress in the use of asbestos in asphalt for road-paving, will enable the industry to operate at full capacity in the years to come.

World Wheat Report Ready

Canadians concerned with the trade and processing of wheat will be interested to learn that the International Wheat Council's publication *The World Wheat Situation, April 1960,* has now been printed. The report is published in three languages: English, French and Spanish. Readers who would like to have copies should write to the International Wheat Council, 28 Haymarket, London, S.W.1, England. Price per copy is $3.00.



Paints and Varnishes

The Market in Japan

Japan's paint and varnish industry supplies most of domestic needs; imports in 1958 totalled only 3,087 metric tons compared with local production of 227,827. Specialty paints can be sold here if they are considered important to Japanese industry.

N. W. BOYD, *Assistant Commercial Secretary, Tokyo.*

THE Japanese paint industry, it is generally agreed, owes its origin to the introduction of lacquer from China. It was not until 1930, however, that manufacturers of paints attained an important position in the Japanese chemical industry. By 1938, production exceeded 100,000 tons. The main types were oil paint 71 per cent, insulating paint 10 per cent, lacquer 7 per cent, spirit varnish 6 per cent and water paint 6 per cent. The significant development since 1950 has been the trend toward manufacture of a high proportion of synthetic resin paint—from 4 per cent of total production in 1950 to 20 per cent in 1958. Over the same period, the relative importance of oil-paint production declined.

JAPANESE IMPORTS AND EXPORTS OF PAINTS AND VARNISHES IN 1959

	Imports		Exports	
	Quantity (kilos)	Value (c.i.f.) ('000 yen)	Quantity (kilos)	Value (f.o.b.) ('000 yen)
Paste paints	113,295	8,673	69,375	3,680
Ready-mixed paints	985,958	263,705	531,957	64,605
Anti-corrosive paints	150,304	38,743	86,771	12,941
Synthetic resin varnish	275,329	106,005	195,147	49,923
Natural resin varnish	40,234	10,288	232,461	43,963
Ships bottom paints	429,499	117,462	35,088	5,940
Enamel paints	183,980	32,084	295,812	58,476
Cellulose lacquers, synthetic resin base	1,179	725	8,123	1,708
Cellulose lacquers	166,604	69,615	34,775	10,173
Insulating coatings, synthetic resin base	118,221	67,854	12,600	3,335
Insulating coatings, containing synthetic resin or cellulose derivatives, n.e.s.	17	105	9,140	1,418
Lacquers, containing synthetic resin	20,894	5,639	116,714	38,380
Water paints, synthetic resin base	2,551	1,585	156,380	25,451
Synthetic resin lacquers, n.e.s	171,259	65,602	68,358	24,172
Coatings, containing synthetic resin, n.e.s	26,872	9,393	29,275	12,434
Water paints, n.e.s	77,872	2,356	124,683	13,312
Total	2,764,068	799,834	2,006,659	369,911

Over-all output of paint in Japan has risen steadily since 1953. The following table gives a breakdown of the 1958 production of 227,827 metric tons.

JAPANESE PAINT PRODUCTION 1958

	(metric tons)
Boiled oil	7,289
Oil paint	56,922
Oil varnish	6,040
Enamel paint	14,476
Lacquer	21,230
Spirit varnish	9,589
Water paint	3,719
Insulating paint	6,980
Synthetic resin paint	52,662
Others	48,920
Total	227,827

Growing Domestic Market

The higher output in recent years has been absorbed almost entirely by an expanding domestic market. One factor in this expansion has been the increasing activity in the construction of houses, offices and transportation facilities— including ships, rolling stock and automobiles. The development of synthetic resin paint has resulted in new uses because of its low flammability and resistance to rust, and demand for it is increasing.

Plant deliveries in 1958 totalled 224,147 metric tons, up 9 per cent over 1957 deliveries of 205,495 metric tons. The estimated domestic market demand by percentage in 1959 is as follows: construction 22, ships 17, rolling stock 17, machines 9, electrical machine meters 9, furniture 7, chemical and mining industries 4 and others 14. This left 1 per cent for export.

Foreign Trade

Japan is a net importer of paints and varnishes but imports are small in relation to domestic production. In 1959, they totalled only 2,764 metric tons, down slightly from the 3,087 imported in 1958. The United States, the United Kingdom, Denmark and West Germany were the top four of 20 supplying countries.

The accompanying table shows types of paints and varnishes bought and sold in Japan in 1959. Less than 1 per cent of Japan's production is exported and virtually all is taken by its Asian trading partners.

Imports Restricted

Paint and varnish imports into Japan are subject to a customs tariff ranging from 15 to 25 per cent. With the exception of paint for the electric-wire industry, paint and varnish imports enter Japan under the restrictive Foreign Exchange Allocation System. Under this procedure, an allocation of foreign exchange must be obtained from a foreign exchange bank plus an import licence from the Ministry of International Trade and Industry. As a general rule, few licences are granted for non-essential and luxury items. Paint for the electric-wire industry is imported under the newly established Automatic Allocation System but approval must still be obtained from the MITI.

Until Japanese import restrictions are relaxed, only the varieties of paints considered advantageous to, and required by, Japanese industry will be allowed entry. It is perhaps this factor above all others that will determine market prospects for Canadian paint producers in Japan. The Commercial Counsellor in Tokyo will be pleased to examine market opportunities for individual specialties of Canadian exporters. ●

The Market in Chile

Chile's well developed paint and varnish industry meets present needs, but will require more raw materials from abroad as new construction proceeds, particularly in the devastated south.

A. EDWARDS, *Office of the Commercial Secretary, Santiago.*

THE Republic of Chile has a well established and progressive paint industry which produces a wide range of products including ready-mixed paints of all types, water paints, waterproof paints, synthetic resin enamels and varnishes, marine and latex paints, acid-resisting paints and varnishes, rust-resisting paint, cellulose varnishes, and lacquer for automobile refinishing and industrial use.

There are some 25 firms engaged in the industry and production is ample to meet domestic demand. No official statistics are available for the paint industry but the following is estimated consumption for the past four years: 1956, 7,259 tons; 1957, 7,584; 1958, 8,681; 1959, 10,148.

Industry Protected

The local industry enjoys freedom from competition from imported paints and varnishes. Government protection takes the form of a prior import deposit of 1,500 per cent of the c.i.f. value of the imported product, which is held by the local exchange control authorities for 90 days. In addition paints and varnishes are subject to import duties ranging from 30 to 40 per cent of the c.i.f. value. As a result, the cost of imported paints is prohibitive.

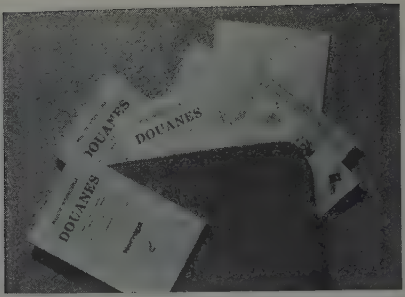
Some paints and varnishes enter Chile through the free zones, but the volume is negligible. In addition, special quality paints may be brought in by the big copper-mining companies provided no comparable product is made in Chile. In practice, the copper companies import little so-called "special" paints because of the local industry's progress in manufacturing these types.

Construction Boosts Demand

In the past few years consumption of paint in Chile has risen slightly, but lack of funds for the building industry has not brought the volume of expansion that the paint industry would like. However, the present Government has encouraged a building program that should reverse this trend, and the industry seems to be entering a period of renewed activity. In addition, the recent earthquakes in the south, which destroyed about 50,000 houses and heavily damaged about 100,000 others will no doubt boost demand for paints and varnishes of all types when reconstruction begins. The Chilean paint and varnish industry is undoubtedly looking forward to several years of full production and sales.

In order to meet this demand paint manufacturers will require bigger quantities of raw materials and Canadian exporters could probably find an interesting market in Chile, provided prices are competitive. The main sources of supply at present are the United States, Britain, the Netherlands and Germany.

The Commercial Secretary will be pleased to put Canadian exporters of raw materials in touch with producers of paints and varnishes in Chile. ●



Trade and Tariff Regulations

Ceylon

CHANGES IN TARIFFS AND BANK CREDITS—A cablegram from the Canadian Commercial Secretary at Colombo reports that the Government of Ceylon imposed credit restrictions and raised customs tariff rates on August 13, 1960.

New preferential tariff rates (applicable to Commonwealth countries, including Canada) are given as follows (former rates in brackets):

Beer and ale, 12 rupees* per gallon (9 rupees); whisky more than five years old, 237.75 rupees per proof gallon (218.75 rupees); confectionery, 100 per cent ad valorem (60 per cent); air conditioners, 145 per cent (105 per cent); synthetic apparel, 100 per cent (35 per cent); synthetic piece goods, 100 per cent (apparently refers to only certain kinds; some formerly 15 per cent, some 100 per cent); motor vehicles, 3,400 rupees plus 300 per cent of c.i.f. value exceeding 6,000 rupees (cars 27½ per cent to 150 per cent, lorries, 15 per cent to 22½ per cent).

Bank credit is *restricted* for import of air conditioners, fountain pens, automobiles, and whisky, but *facilitated* for imports of food, textiles, cotton yarn, pharmaceuticals, fertilizers and agricultural implements.

The bank rate is raised from 2½ per cent to 4 per cent.

Details are expected to be available shortly. Inquiries on the new rate on specific items may be made to the Department.

Ghana

IMPORT TARIFF—Changes in rates of duty on several items in the Ghana tariff were made effective July 20, 1960. The main items affected are motor vehicles, storage batteries, aluminum sheets, and certain textiles.

Full details have been received by the Department of Trade and Commerce, Ottawa. Information on the new rate on any specific item may be obtained from the Department.

Ghana does not grant preferential tariff treatment to goods from Canada.

Pakistan

IMPORT CONTROLS—The arrangement of the Pakistan import tariff schedule was revised on July 1, 1960, to conform to the Brussels system of nomenclature. At the same time, changes were made in the rates of duty payable on many items.

Full details of the changes have been received by the Department of Trade and Commerce, Ottawa. Information on the new rate on any specific item may be obtained from the Department.

Pakistan does not grant preferential tariff treatment to goods from Canada.

Republic of Congo

IMPORT RESTRICTIONS INTRODUCED—The Canadian Government Trade Commissioner in Leopoldville, Republic of Congo (formerly Belgian Congo), advises that outstanding import licences for all imports except those already shipped and covered by documents or paid for and covered by letters of credit opened before August 6, 1960, have been cancelled. Applications for licence renewal or new import licences must be directed to Congolese authorities in Leopoldville.

New regulations are being issued prohibiting the import of many commodities, and import duties on others are being raised. Information as to the categories of commodities affected will be published when available. Inquiries regarding exports to the Republic of Congo should be addressed to the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade announced recently that it has received the following representations respecting the tariff:

Increase in duty on:

1. Plastic flexible ducting
2. Portable platform scales from 500 lb. to 2,100 lb.
3. Railway weighbridges
4. Golf bags

Reduction in duty on:

Cotton woven tape known as "Easy-Pleat-Tape" for self-pleating of curtaining

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*One rupee equals about 20 cents Canadian.

Rebate of duty on:

1. The following for the manufacture of bicycle dynamo lighting sets:
concave lamp glasses
magnets (demagnetized)
sintered bronze bearings
eyelets
torsion springs
2. The following raw materials for the manufacture of refractories:
(a) chrome ore;
(b) raw boulder corundum ore; and
(c) raw magnesite ore.

Increase in duty on:

1. Filter units for the dry cleaning trade
2. Hand-operated bread and bacon slicing machines
3. (a) Metal curtain rail
   (b) Extruded sections, not worked up in any way, of brass, bronze, copper and copper alloys
4. (a) Ladies' handbags
   (b) Shopping and marketing bags
   (c) Purses, wallets and billfolds (not being of leather)

Reduction in duty on:

1. Nickel magnesium No. 1 (M) alloy
2. Stainless steel blades for bread and bacon slicing machines

Rebate of duty on:

1. Musical movements for the manufacture of musical jewel cases
2. (i) Rayon piece goods
   (ii) Rayon taffetas, satin and nylon ribbon
   (iii) Rubber-backed fabrics for the manufacture of printed labels

Withdrawal of rebate on:

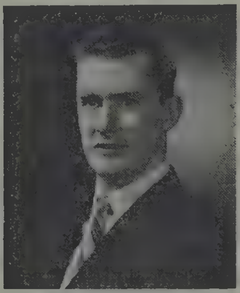
2 : 4 : 5-T Ester for the manufacture of weed killer.

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

Trade Commissioners on Tour

B. C. Butler

H. A. Gilbert



H. S. Hay

R. G. Woolham

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

B. C. BUTLER, Minister (Commercial) in London, England:

Fredericton—Sept. 26-27
Saint John—Sept. 28
Halifax—Sept. 29-30

H. A. GILBERT, Trade Commissioner in Bombay, India:

Montreal—Sept. 19-23
Thetford Mines—Sept. 26
Toronto—Sept. 28-Oct. 4
Sarnia—Oct. 6
Brantford—Oct. 7
Winnipeg—Oct. 11-12
Vancouver—Oct. 13-21

When he completes his tour, Mr. Gilbert will be posted to Melbourne, Australia, as Commercial Counsellor.

H. S. HAY, Assistant Commercial Secretary in Sydney, Australia:

Toronto and district—
Sept. 12-16, 19-20
Hamilton—Sept. 21-22
St. Catharines—Sept. 22
Niagara Falls—Sept. 23
Welland—Sept. 23
Montreal—Sept. 26-Oct. 4
Ottawa—Oct. 5-6

When he completes his tour, Mr. Hay will be posted to head office in Ottawa.

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan:

Ottawa—Sept. 12-23

When he completes his tour and leave, Mr. Woolham will be posted to Paris, France, as Assistant Commercial Secretary.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Foreign Trade Service Abroad

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor G. E. Blackstock Assistant Commercial Secretary	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel:* 33-8237
Australia (Capital Territory New South Wales, Queensland, Northern Territory) Dependencies	S. V. Allen Commercial Counsellor for Canada L. D. Burke Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street SYDNEY	*Mail:* P.O. Box 3952 G.P.O. *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada	Mobil Centre 2 City Road SOUTH MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
Australia	R. B. Nickson Commercial Secretary	Office of the High Commissioner for Canada State Circle CANBERRA	*Mail:* (City Address) *Cable:* DOMCAN *Tel.:* U-1304
Austria Bulgaria, Czechoslovakia, Hungary, Romania, Yugoslavia	R. K. Thomson Commercial Counsellor P. A. Freyseng Assistant Commercial Secretary	Opernringhof Opernring 1 VIENNA 1	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 57-25-97
Belgium Luxembourg, European Economic Community, European Atomic Energy Community, European Coal and Steel Community	L. H. Ausman Commercial Counsellor A. A. Lomas Assistant Commercial Secretary P. T. Eastham Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS 4	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 13.38.50
Brazil	Wm. Jones Commercial Counsellor	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	D. M. Holton Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
Ceylon	I. V. Macdonald Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Tel.:* 91341
Chile	J. M. Knowles Acting Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	J. H. Bailey Commercial Secretary and Consul	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Tel.:* 43-00-65
Congo Angola, Central African Republic, Chad, Congo (French Community), Gabon	R. A. Bull Acting Trade Commissioner	C.C.C.I. Building Boulevard Albert 1er LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Tel.:* 2706

Territory	Officer	City Address	Mail and Cables, Office Telephone
Cuba	R. R. Parlour Commercial Counsellor	Canadian Embassy Edificio Ingenieros Civiles Calle 17 y O Vedado Havana	*Mail:* Apartado 1945 *Cable:* Canadian *Tel.:* 32-3526
Denmark Greenland, Poland	Commercial Counsellor (absent)	Canadian Embassy Prinsesse Maries Allé 2 Copenhagen V	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Hilda 3306
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor	Canadian Embassy Edificio Copello 408 Calle El Conde Ciudad Trujillo	*Mail:* Apartado 1393 *Cable:* Canadian *Tel.:* 2-8138
France Algeria; Cameroon Republic, Dahomey, Federation of Mali, Guinea, Ivory Coast, Mauretania, Morocco, Niger, Togoland, Tunisia, Volta	A. G. Kniewasser Commercial Counsellor W. G. Brett Assistant Commercial Secretary C. T. Charland Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne Paris 8e	*Mail:* (City Address) *Cable:* Canadian *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor G. F. Mintenko Assistant Commercial Secretary W. J. O'Connor Assistant Commercial Secretary (Agriculture)	Canadian Embassy 22 Zitelmannstrasse Bonn	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 21971
Germany	E. H. Maguire Consul General J. M. T. Thomas Vice Consul (absent)	Canadian Consulate General 69 Ferdinandstrasse Hamburg	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 326149
Ghana Gambia, Liberia, Nigeria, Sierra Leone	K. F. Osmond Commercial Secretary	Office of the High Commissioner for Canada E 115/3 Independence Ave. Accra	*Mail:* P.O. Box 1639 *Cable:* Canadian *Tel.:* 4824
Greece Cyprus, Israel, Turkey	B. A. Macdonald Commercial Counsellor L. D. R. Dyke Assistant Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. Athens	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. E. Lemieux Canadian Government Trade Commissioner	5a Avenida 11-70, Zone I Guatemala City, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* Canadian *Tel.:* 28448
Haiti	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau Port au Prince	*Mail:* P.O. Box 826
Hong Kong Cambodia, Communist China, Laos, Vietnam, Macao	C. M. Forsyth-Smith Canadian Government Trade Commissioner C. J. Small Trade Commissioner D. J. McEachran Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. Hong Kong	*Mail:* P.O. Box 126 *Cable:* Canadian *Tel.:* 27743

Territory	Officer	City Address	Mail and Cables, Office Telephone
India (except States of Gujerat and Maharashtra) Bhutan, Nepal, Sikkim	J. R. Midwinter Acting Commercial Secretary	Office of the High Commissioner for Canada 13 Golf Links Area New Delhi 1	*Mail:* P.O. Box 11 *Cable:* Canadian *Tel.:* 35201
India (States of Gujerat and Maharashtra), Goa	F. H. Hillhouse Canadian Government Trade Commissioner G. P. Morin Assistant Trade Commissioner	Gresham Assurance House Mint Road Bombay	*Mail:* P.O. Box 886 *Cable:* Canadian *Tel.:* 255154
Indonesia	M. B. Blackwood Commercial Secretary	Canadian Embassy Djl. Budi Kemuliaan No. 6 Djakarta	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Gambir 1313
Iran	A. B. Brodie Commercial Counsellor	Canadian Legation Tehran	*Mail:* Central P.O., Box 1610 *Cable:* Cantracom *Tel.:* 49291
Ireland	W. R. Van Commercial Secretary for Canada	66 Upper O'Connell St. Dublin	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 44251
Italy Libya, Malta	Richard Grew Commercial Counsellor M. S. Strong Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 Rome	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 861-951
Japan South Korea	J. L. Mutter Commercial Counsellor N. W. Boyd Assistant Commercial Secretary	Canadian Embassy Tokyo	*Mail:* Canadian Embassy *Cable:* Canadian *Tel.:* 408-2101/8
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary W. B. Walton Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau Beirut	*Mail:* Boîte Postale 2300 *Cable:* Canadian *Tel:* 50955
Mexico	F. B. Clark Commercial Secretary W. M. Miner Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor Mexico 5, D.F.	*Mail:* Apartado 25364 *Cable:* Canadian *Tel.:* 25-15-60
Netherlands	J. C. Britton Commercial Counsellor G. E. Woollam Agricultural Counsellor B. Horth Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 The Hague	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 61-41-11
New Zealand Fiji, French Oceania, Western Samoa	J. H. Stone Commercial Counsellor W. J. Collett Assistant Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg., Wellington	*Mail:* P.O. Box 1660 *Cable:* Canadian *Tel.:* 70-644
Norway Iceland	M. B. Bursey Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 Oslo	*Mail:* P.O. Box 1379—Vika *Cable:* Canadian *Tel.:* 33-30-80

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Peru Bolivia	W. J. Jenkins Acting Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines Republic of China (Taiwan)	R. H. Gayner Acting Consul General and Acting Trade Commissioner	Canadian Consulate General Ayala Building Juan Luna Street MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	T. J. Monty Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	8th Floor Grindlays Bank Chambers Baker Avenue SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson Canadian Government Trade Commissioner K. O. Hillyer Assistant Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 74260
South Africa (Natal, Transvaal, Orange Free State), Malagash, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner L. J. Taylor Assistant Trade Commissioner	Mutual Building Harrison Street JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANADIAN *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet Commercial Counsellor (absent) J. M. T. Thomas Acting Commercial Secretary (temporary)	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland	S. G. MacDonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
Union of Soviet Socialist Republics	W. Van Vliet Commercial Counsellor	Canadian Embassy 23 Starokonyushenny Pereulok MOSCOW	*Mail:* (City Address) *Cable:* CANAD *Tel.:* 415142
United Arab Republic **Egyptian Region** Aden, Sudan, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110

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United Kingdom	B. C. Butler Minister (Commercial) (absent)	Office of the High Commissioner for Canada Canada House Trafalgar Square London, S.W.1	*Mail:* (City Address) *Cable:* Sleighing *Tel.:* Whitehall 8701
	S. G. Tregaskes Commercial Counsellor		
	W. Gibson-Smith Commercial Counsellor		
	D. B. Laughton Agricultural Secretary		
	E. J. White Commercial Secretary (Timber)		*Cable:* Timcom
	E. J. Ward Assistant Commercial Secretary (Timber)		
	W. A. Stewart Assistant Agricultural Secretary		
	S. G. Harris Assistant Commercial Secretary		
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street Liverpool	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Central 0625
United Kingdom (Scotland)	P. V. McLane Canadian Government Trade Commissioner	Cornhill House 144 West George St. Glasgow C.2	*Mail:* (City Address) *Cable:* Cantracom *Tel.:* Douglas 6751
United Kingdom (Northern Ireland)	W. R. Van Canadian Government Trade Commissioner	36 Victoria Square Belfast	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	M. Schwarzmann Minister-Counsellor (Economic)	Canadian Embassy 1746 Massachusetts Ave., N.W. Washington 6, D.C.	*Mail:* (City Address) *Cable:* Canadian *Tel.:* DEcatur 2-1011
	D. A. B. Marshall Agricultural Counsellor		
	T. M. Burns Commercial Counsellor		
	J. D. Blackwood Assistant Commercial Secretary		
	J. MacNaught Assistant Agricultural Secretary		
United States	N. R. Chappell Counsellor (Energy)	Canadian Embassy 1746 Massachusetts Ave., N.W. Washington 6, D.C.	*Mail:* (City Address) *Cable:* Beaver *Tel.:* HUdson 3-5505
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda	B. I. Rankin Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Ave. New York City 19	*Mail:* (City Address) *Cable:* Cantracom *Tel.:* JUdson 6-2400
	A. A. Caron Consul and Trade Commissioner		
	R. D. Sirrs Vice Consul and Assistant Trade Commissioner		
	F. I. Wood Vice Consul and Assistant Trade Commissioner		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	J. C. Depocas Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street Boston 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320

Territory	Officer	City Address	Mail and Cables, Office Telephone
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	H. J. Horne Consul and Trade Commissioner N. L. Currie Vice Consul and Assistant Trade Commissioner D. A. Hilton Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner R. V. N. Gordon Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	G. F. J. Osbaldeston Consul and Trade Commissioner	Canadian Consulate General 510 West Sixth Street LOS ANGELES 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* JAckson 5-2136
United States California (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 2-3515
Uruguay Paraguay Falkland Islands	Blair Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	W. D. Wallace Commercial Counsellor J. E. Montgomery Assistant Commercial Secretary	Canadian Embassy Avenida La Estancia No. 10 Ciudad Comercial Tamanaco CARACAS	*Mail:* Apartado 11452-Este *Cable:* CANADIAN *Tel.:* 54.34.32
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam, Guadeloupe, Martinique	R. F. Renwick Commercial Secretary R. L. Richardson Assistant Commercial Secretary	Office of the Commissioner for Canada Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner C. G. Bullis Assistant Trade Commissioner	Barclays Bank Building King Street KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.0315925.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 29	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01175	85.11	(1)
Austria	Schilling		.03732	26.79	
Australia	Pound		2.1802	.4587	
Bahamas	Pound		2.7252	.3669	
Belgium and Luxembourg	Franc		.01938	51.60	
Bermuda	Pound		2.7252	.3669	
Bolivia	Boliviano	Free	.00008485	11,785.50	
British Guiana	Dollar		.5677	1.76	
British Honduras	Dollar		.6813	1.47	
Brazil	Cruzeiro	General Category*	.004234	236.15	*Aug. 16 (2)
		Special Category	.001960	510.30	
		Official selling	.05122	19.52	(3)
Burma	Kyat		.2036	4.91	
Ceylon	Rupee		.2044	4.89	
Chile	Escudo	Free	.9215	1.08519	(4)
Colombia	Peso	Certificate	.1447	6.91	
Congo, Republic of	Franc		.01938	51.60	
Costa Rica	Colon	Official	.1726	5.79	
		Controlled Free	.1458	6.86	
Cuba	Peso		.9694	1.03156	tax 2%
Czechoslovakia	Koruna		.1346	7.43	
Denmark	Krone		.1407	7.11	
Dominican Republic	Peso		.9694	1.03156	
Ecuador	Sucre	Official	.06463	15.47	
		Free	.05669	17.64	
Egyptian Region, United Arab Rep.	Pound	Official	2.7836	.3592	
		Export account selling	2.4250	.4124	
El Salvador	Colon		.3878	2.58	
Fiji	Pound		2.4551	.4073	
Finland	Markka		.003029	330.14	
France, Monaco, etc.	New Franc		.1978	5.05	(5)
French Territories, Africa	Franc		.003956	252.78	(6)
French Territories, Pacific	Franc		.01088	91.91	(7)
Germany	D Mark		.2325	4.30	
Ghana	Pound		2.7252	3.669	
Greece	Drachma		.03231	30.95	
Guatemala	Quetzal		.9694	1.03156	
Haiti	Gourde		.1939	5.16	
Honduras	Lempira		.4847	2.06	
Hong Kong	Dollar	Free*	.1698	5.89	*Aug. 12
		Official	.1703	5.87	
Iceland	Krona	Official	.02551	39.20	(8)
India	Rupee		.2044	4.89	
Indonesia	Rupiah	Official	.02154	46.42	(8)
Iran	Rial		.01280	78.14	
Iraq	Dinar		2.7143	.3684	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 29	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7252	.3669	
Israel	Pound		.5385	1.86	
Italy	Lira		.001562	640.20	
Japan	Yen		.002693	371.33	
Lebanon	Pound	Free	.3045	3.28	
Mexico	Peso		.07755	12.89	
Netherlands	Florin		.2570	3.89	
Netherlands Antilles	Florin		.5179	1.93	
New Zealand	Pound		2.7252	.3669	
Nicaragua	Cordoba	Effective buying	.1469	6.81	
		Official selling	.1375	7.27	
Norway	Krone		.1360	7.35	
Pakistan	Rupee		.2044	4.89	
Panama	Balboa		.9694	1.03136	
Paraguay	Guarani	Official	.007946	125.85	
Peru	Sol		.03610	27.70	
Philippines	Peso		.4847	2.06	
Portugal & Colonies	Escudo		.03383	29.56	(9)
Singapore and Malaya	Straits Dollar		.3179	3.14	
Spain and Dependencies	Peseta		.01616	61.89	
Sweden	Krona		.1881	5.32	
Switzerland	Franc		.2250	4.44	
Syrian Region, United Arab Rep.	Pound	Free	.2710	3.69	
Thailand	Baht	Free	.04580	21.83	(8)
Turkey	Lira		.1077	9.28	(8)
Union of South Africa	Pound		2.7252	.3669	
United Kingdom	Pound		2.7252	.3669	
United States	Dollar		.969375	1.0315925	
Uruguay	Peso	Free	.08485	11.78	(10)
Venezuela	Bolivar		.2894	3.45	
West Indies Fed.	Dollar		.5677	1.76	(11)
	Pound		2.7252	.3669	(12)
Yugoslavia	Dinar	Official	.003231	309.50	(8)
		Settlement rate	.001534	651.97	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Markets in Brief:

BELGIUM AND LUXEMBOURG (BLEU)

Area: Belgium 11,778 square miles; Luxembourg 1,000 square miles.

Population: Belgium 9,078,635 (Dec. 31, 1958); Luxembourg 313,000.

Climate: temperate.

Language: Belgium—French and Flemish (German in one small area). Advertising and sales literature should be in French and/or Dutch.

Luxembourg—French is official language. A Luxembourg dialect is often used in conversation and German is generally understood.

Currency: Belgium—one franc=Can.$0.01896; Luxembourg—one Luxembourg franc=one Belgian franc.

Weights and measures: metric system.

Capital: Belgium—Brussels, at sea level; Luxembourg—city of Luxembourg.

Chief ports: Belgium—Antwerp, Ghent, Ostend, Zeebrugge, Bruges; Luxembourg—none.

Marketing centres: Belgium—Brussels (population) 1,398,326; Antwerp 849,432; Ghent 455,022; Liège 607,117; Charleroi 469,259; Mons 270,060. Luxembourg—Luxembourg 71,612.

Economy: Belgium—a strong, free-enterprise economy based on highly developed industry and backed by a hard currency and a stable political situation. Largely dependent on exports of manufactured and semi-manufactured goods. Interested in development of new industries to take advantage of European Common Market.

Luxembourg—the steel industry is the backbone of the Luxembourg economy, and steel exports are largely responsible for the relatively high purchasing power. Also important are a wide range of small and medium-sized enterprises, plus agriculture and viticulture. Emphasis is on free enterprise.

Total BLEU imports: 1958—Can.$2,966 million; 1957—Can. $3,253 million (f.o.b. point of shipment in the country of export).

Chief imports: 1958 (in per cent)—petroleum products 8.9, machinery 7.8, transport material 7.6, textile raw materials 6.5, grains and cereals 4.2, iron ore 2.8, paper and manufactures 1.8, lumber and wood 1.5.

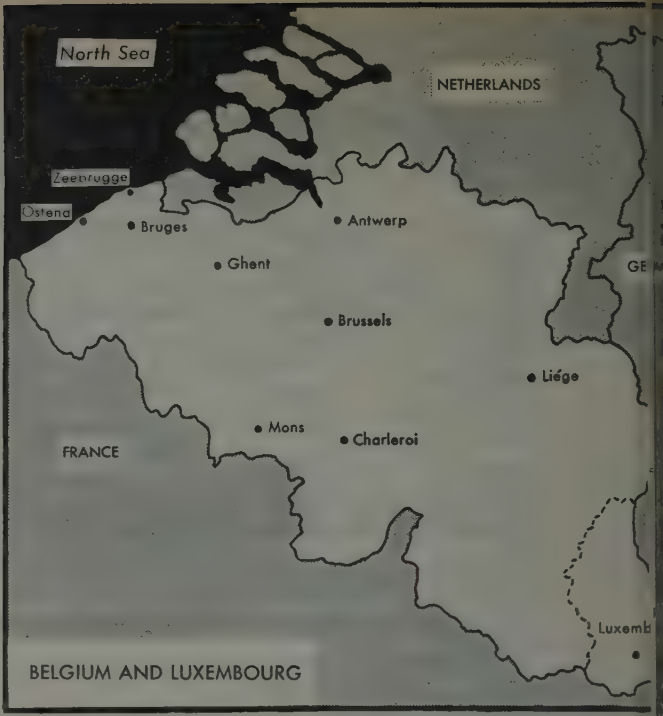
Chief suppliers: 1958 (in per cent)—West Germany 17.1, Netherlands 15.7, France 11.6, United States 9.9, United Kingdom 7.4, Belgian Congo 5.3, Canada 1.4.

Value of imports from Canada: 1958—Can.$48.9 million; 1957—Can.$51.8 million.

Chief imports from Canada: 1958 (in per cent)—wheat 32.8; aluminum, primary and semi-fabricated 6.3; lead, primary and semi-fabricated 4; flaxseed 3.4; asbestos 3.4.

Total BLEU exports: 1958—Can.$2,887 million; 1957—Can. $3,020 million (f.o.b. Belgian port).

Chief exports: 1958 (in per cent)—iron and steel 24.4, textiles 9.6, transport material 5.3, machinery 4.9, metal products 4, electric machinery 3.7, copper and manufactures 3.4.



Chief markets: 1958 (in per cent)—Netherlands 20.7, West Germany 11.5, France 10.8, United States 9.4, United Kingdom 5.7, Belgian Congo 3.9, Canada 1.1.

Value of Canadian purchases: 1958—Can.$36 million; 1957—Can.$44 million.

Chief Canadian purchases: 1958 (in per cent)—iron and steel rolling-mill products 28; unset diamonds 13; wool carpets 10.5; plate and sheet glass 10.5; tin blocks, pigs and bars 5.2; cotton manufactures 1.9.

Dollar exchange: freely available for all imports. Very few commodities subject to licensing or prohibited import.

Prices: quote in Canadian dollars or Belgian francs, preferably c.i.f. Belgian port.

Samples: subject to duty if of commercial value; admitted duty-free if of no commercial value or made unfit for commercial purposes.

Trade agreements: most-favoured-nation agreement with Canada; preferential tariff treatment for imports from the Netherlands, Luxembourg, West Germany, France, Italy and, in general, overseas territories of Belgium and her Common Market partners.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: none, but all Canadian banks have Belgian correspondents.

Correspondence: airmail recommended; letters 15 cents per half-ounce.

For detailed information on this market write to:

European Division
International Trade Relations Branch,
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor
Canadian Embassy
35, rue de la Science
Brussels, Belgium

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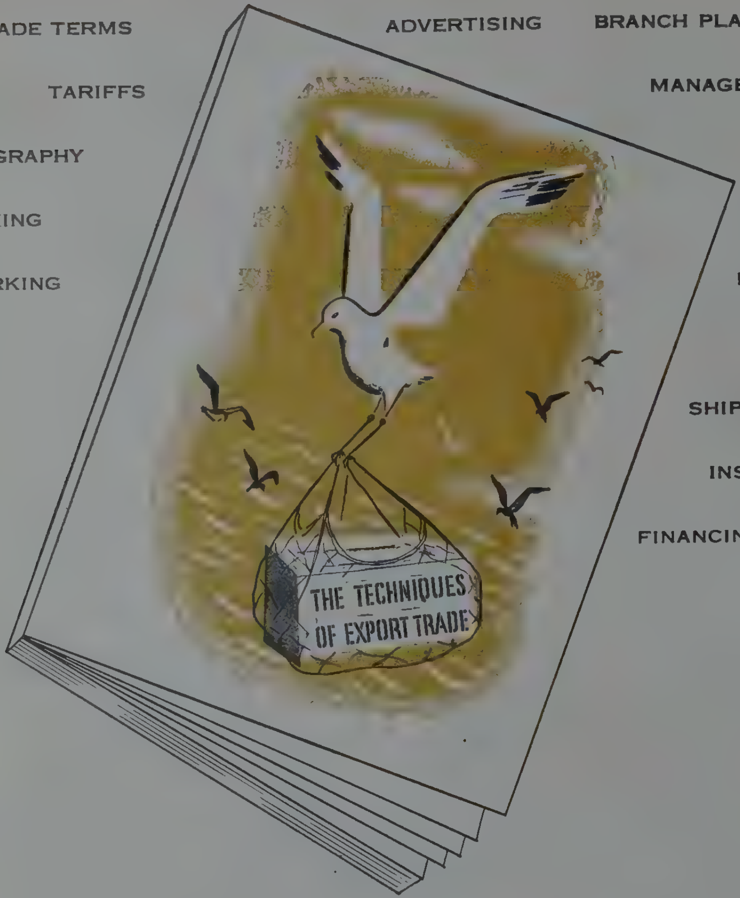
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SEPTEMBER 24, 1960

foreign trade

NADA

THE TRADE COMMISSIONER LOOKS AT PUERTO RICO

Established in 1904

foreign trade

OTTAWA, SEPTEMBER 24, 1960 **Vol. 114, No. 7**

cover These Puerto Rican girls are hard at work in an electrical instrument plant, subsidiary of a U.S. company. The Puerto Rican Government has successfully offered inducements to United States and other manufacturers to put up plants on the island and thus provide jobs for its people. For a report on this "Operation Bootstrap", and on Puerto Rico's economy generally and trading opportunities there, see page two.

CANADA

2 **The Trade Commissioner Looks at Puerto Rico . . .** *and sees some successes, some problems, some chances to improve Canadian trade.*

5 **British Look for Sporting Goods . . .** *are prepared to buy certain types from Canadians willing to promote their products aggressively in this market.*

7 **Poultry Becomes Big Business . . .** *in Trinidad and Jamaica, opening up a market to Canadian suppliers of chicks, feeds, and hatchery and processing equipment.*

12 **South Africa's Forests . . .** *part one of a study of the Union's timber policies, production and consumption, carried out by our Johannesburg office.*

18 **Selling Food Products to Malaya and Singapore . . .** *facts and figures on food imports into this area help to define opportunities for our traders.*

21 **The Land of Everest . . .** *what are the economic assets and liabilities of the remote, mountainous little country of Nepal?*

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The Trade Commissioner looks at market prospects in

PUERTO RICO

- √ *per capita income rising*
- √ *imports setting new records*
- √ *concessions granted to incoming industry*
- √ *building boom offers opportunities to Canadians*

J. M. KNOWLES, *Assistant Commercial Secretary, Ciudad Trujillo.*

PUERTO RICO, a tiny island with a population of only 2.4 million, is well on its way to becoming one of the most highly-concentrated industrial complexes under the United States flag. Last autumn, annual per capita income passed the $500 mark and it is still rising. Imports, which climbed from $575 million only five years ago to over $800 million in 1959, are now approaching one billion dollars a year.

Canadian exports to Puerto Rico, valued at only $10.5 million in 1959, have been falling in absolute as well as in relative terms. Although Puerto Rican imports have been setting new records, the trend has been toward foreign and away from U.S. mainland suppliers.

The so-called Commonwealth of Puerto Rico is a "free, associated state", and enjoys semi-autonomous status, officially conferred by the Federal Relations Act of 1952. The Commonwealth has political parties and an elected governor, who holds much the same constitutional position in Puerto Rico as a state governor on the mainland or the premier of a Canadian province. The territory has its own written constitution

Puerto Rico is within the Unite States customs area. However Puerto Ricans do not have th federal vote. In accord, therefore with the historic U.S. principle o "no taxation without representation", federal internal revenue taxe (individual, corporate and excise do not apply. Moreover, proceed from U.S. customs duties on foreig goods, as well as federal excise taxe on goods produced in Puerto Ric for export to the United States mainland, are paid into the Commonwealth Treasury.

The Commonwealth Governmer imposes additional excise taxes o imports of certain classes of gooc from the mainland as well as fror foreign countries.

The Fomento Program

Puerto Rico's extremely favoure position has made it possible t sustain an investment boom base n a host of attractive tax and other oncessions. Long initial periods of reedom from taxes of any kind, plus luty-free entry of manufactures into he United States, have enticed bout 600 new industrial plants into 'uerto Rico since 1950. The present lans of the Economic Development Administration, or EDA, which adninisters the "Fomento" program, re even more ambitious and call r a cumulative total of 2,500 new lants by 1975, involving a public nd private investment of $1.4 bilon.

Under the Fomento program, inoming manufacturers of most prodcts are eligible for exemption for arying periods from most taxes. nder Puerto Rico's Industrial Inentives Act of 1954, manufacturing rms that qualify are granted:

exemption from corporate income x for their first ten years of operaon

exemption from personal income x on dividends or distribution of rtnership profits to persons with sidence in Puerto Rico, out of rnings of tax-exempt business inrred during the first seven years operation

exemption from property taxes r five to ten years

exemption from all other municil levies for ten years

exemption from excise taxes on w materials, manufacturing equipent and machinery used in proction.

A subsidiary of EDA, the Puerto co Industrial Development Corration (PRIDCO), is essentially a l estate and specialized financing mpany. Factories are built for ntal to new industries at reasonle rates, with leases available for initial period of ten years.

mmunications Improving

Better communications and shipg services have aided the indusl boom. The progress made is ailed below.

Ports—Puerto Rico has three major ports of call: San Juan on the north, Ponce on the south, and Mayaguez on the west coast. More than 25 steamship companies provide passenger and freight service between Puerto Rico and foreign countries. Saguenay Shipping Limited calls regularly at San Juan from Canadian ports.

Truck and Ship—There is almost no warehouse space in Puerto Rico, particularly in the San Juan area, because of high real estate costs in a booming industrial area of limited size. This situation has encouraged the development of an unusual system of distribution. For example, one large supermarket organization gives store managers great latitude in purchasing; it furnishes them periodically with a list of acceptable merchandise and they do their ordering from large jobbers in the U.S. The goods, usually in mixed consignments, are loaded on truck-trailer bodies which are driven to the port of exit, ferried to Puerto Rico, and discharged at the supermarket door.

Combination truck-and-ship service offers rapid and economical door-to-door pickup and delivery in trailer or van, without intermediate repacking, between supplier on the mainland and buyer in Puerto Rico. Costly inventories are kept low and losses through damage, pilferage, and extra handling are reduced to a minimum.

This distribution system is a factor, in addition to pronounced consumer conservatism, that operates against the introduction of unknown Canadian and lesser known U.S. brands.

Traditional Canadian salted fish imports are handled mainly by older firms in downtown San Juan, who retain storage space held since before the warehouse shortage became acute. Many other products of Canadian interest, such as potatoes, are auctioned or otherwise sold by importers either while still afloat or right off the wharf.

Road Transport—Trucking services up to the standard of those on the mainland have not yet been developed, but a system of modern highways, now almost complete, links all major centres. It will soon be possible to drive around the island in less than one day. Puerto Rico now has 4,283 miles of good roads in an area of only 3,435 square miles. Trucking services are available to all parts of the island.

There are no railroads in Puerto Rico. Early narrow-gauge tracks installed in sugarcane areas have been largely abandoned. The island is so small that a good highway system, plus improved port facilities, is considered adequate for all foreseeable needs.

Air Services—San Juan is the busiest air centre in the Caribbean. Air freight is used extensively for both incoming and outgoing merchandise. There are more than 30,000 flights a year in and out of the city, carrying over one million passengers and 50 million pounds of cargo. Four U.S. airlines—Pan-American, Eastern, Delta, and Trans-Caribbean—maintain both passenger and cargo service between Puerto Rico and the United States. Riddle Airlines offers an all-cargo service, and Caribair serves all of Puerto Rico and the nearby islands, for which Puerto Rico is becoming increasingly important as an entrepôt centre.

From New York, San Juan is 5½ hours by propellor-driven aircraft and only 3½ hours by jet.

Other Communications—Telephone service has been a problem in the past because rapid growth tended to outstrip expansion of facilities. This drawback has now been largely overcome. A new $17 million submarine telephone cable has just been laid to link Puerto Rico with Florida.

New Foreign Trade Zone

A new development in the offing is a 20 to 35-acre foreign trade zone near Mayaguez, which was recently approved by the U.S. Foreign Trade

Zones Board on an application filed by PRIDCO. The plan envisages an enclosed area within which customs laws governing entry of goods into the United States are not applicable. If foreign merchandise later moves into the U.S. customs area for consumption, it becomes subject to normal duties. The zone will help to develop the transhipment and consignment trade and will have exhibition, warehousing and manufacturing facilities. Promoters hope that this "free port" will eventually make Puerto Rico the entrepôt centre for the entire Eastern Caribbean.

A Word of Caution

It now appears that, even with outside intervention, there is some doubt that the establishment of 2,500 new plants by 1975 (as originally planned by the EDA) will be achieved. The estimate seems no longer to be warranted by projection of either current or past rates of growth, and there is no reason to anticipate an increase in the rate. The recent hurricane damage may also have some bearing on this.

The first ten years of the Fomento program are now history, and certain high-cost industries whose profitable operations were based largely upon tax concessions have had to leave the island. The fact that Puerto Rico is an island, geographically isolated from the mainland, adds greatly to the cost of raw materials and other capital goods and complicates the solution of other problems.

Labour is becoming more expensive, both to hire and to train. It is the officially declared policy of the Commonwealth Government to raise minimum wage rates as rapidly as possible, which in practice means establishing the highest wage for an industry that will allow most existing firms to survive. A potential manufacturer must keep in mind the probable future trend in wages, particularly if labour is an important item in costs.

Although Puerto Rico has in general a history of peaceful labour relations, the strongly organized waterfront workers have occasionally engaged in walkouts which caused significant losses to certain manufacturers by interrupting the inflow of raw materials and the export of products intended mainly for consumption in the United States. Puerto Rico's insular position makes it peculiarly vulnerable to pressures of this kind. There has recently been a certain amount of labour unrest, particularly among transportation workers.

Canadian manufacturers who have had difficulty breaking into the United States market and who may be interested in establishing a branch plant in Puerto Rico would be well advised to give careful consideration to the possible future course of economic and political developments. Despite the apparent attractiveness of the concessions and assistance offered, caution is needed.

. . . "great opportunities"

The tremendous construction boom nevertheless offers great opportunities to Canadian exporters. The accompanying table of principal Canadian exports to Puerto Rico for the last four calendar years, compiled from DBS statistics, sheds some light on current trade trends.

The expansion in industrial a commercial building, which promises to continue indefinitely, h created a continuing demand f aluminum, hardware, lumber a other construction materials, indu trial equipment and engineeri services. Canadian firms may fi themselves non-competitive, partic larly in manufactured goods, b cause of the tariff wall or in projec involving U.S. federal funds. Neve theless, the Puerto Rico excise-ta structure for a number of importa products tends to reduce the relati disadvantage of foreign producers.

During a recent visit to the islan I worked to develop contacts wit sources of calls for tender for a num ber of public and private enginee ing and construction projects. The are about a dozen independe authorities in Puerto Rico that ca for bids of this kind. One of th most important is, naturally, th Puerto Rico Industrial Developme Corporation, which issues calls fo tender to an invitation list of ap proved firms. Canadian companie can qualify for inclusion in this li by completing PRIDCO Form 435 and sending it to Mr. Carmel Galíndez, Chief, Construction De partment, Puerto Rico Industri Development Corporation, 9t

PRINCIPAL CANADIAN EXPORTS TO PUERTO RICO

	1956	1957	1958	1959
Salted fish	3,102,083	3,832,333	3,946,535	2,729,471
Lumber	2,527,101	3,347,378	3,136,374	3,390,460
Newsprint	1,649,004	1,492,350	1,630,272	1,524,610
Barley, malt	319,430	393,197	445,582	491,834
Potatoes	774,353	743,258	843,027	173,972
Whisky	111,636	66,394	83,632	98,117
Copper tubing	177,317	87,512	154,173	311,477
Automobiles	455,374	1,152,316	343,415	358,115
Machinery and parts	441,835	443,001	213,476	38,305
Seed potatoes, certified	2,850	3,950	113,109	
Aluminum in primary form and semi-fabricated	2,351	83,293	394,336	
Manufactures of non-ferrous metals, n.o.p.	1,851		146,524	
Drugs and chemicals	32,809	82,592	98,124	91,190
Electrical apparatus, n.o.p.	5,263	8,616	4,436	264,112
Copper rods, strips, sheets	23,521	10,056	24,879	117,693
Fire brick				42,250
Enamelware of iron and steel	2,229	9,197	28,216	44,294

Floor, Banco Popular Building, Santurce, Puerto Rico, for investigation and clearance.

PRIDCO Form 4354 may be obtained from Mr. Galíndez, as well as from the Chief, Engineering and Equipment Division, Department of Trade and Commerce, Ottawa, or from the office of the Commercial Counsellor, Canadian Embassy, Apartado 1393, Ciudad Trujillo, Dominican Republic.

PRIDCO also maintains an invitation list for designers and architects. Canadian architects who seek inclusion in this list should submit a brochure illustrating the type and quality of their work to Mr. Ramón Rivera Bengoa, Chief, Design Department, Puerto Rico Industrial Development Corporation, at the same address. If approved, they will be asked to submit designs for projects undertaken from time to time. ●

British Look for Sporting Goods

Sporting goods are selling faster in Britain today than the local industry can supply them. Here's how Canadian manufacturers can make the most of recently revived opportunities.

W. GIBSON-SMITH, *Commercial Secretary, London.*

THE British man in the street today is finding out more and more what it means to be a member of the affluent society. He has much more free time on his hands—and he has money in his pocket. This means a big increase in the demand for recreational equipment. Britain was the inventor of many of the sports we know today and naturally has a well developed sporting goods industry. Much of its output is exported. Nevertheless demand is now so great that in many fields local manufacturers cannot supply needs quickly enough and imports are necessary. Dollar countries such as Canada are no longer prevented from selling to this market.

How to Offer Your Product

In general, there are only a few British sporting goods wholesalers and the large retailers are accustomed, as a rule, to an approach from manufacturers and to buying directly from them. (Most retailers have shown recently that they are delighted to have visits from Canadian manufacturers.) However, it is sometimes desirable to appoint a manufacturers' agent to keep in touch with retailers. Some of these agents are well equipped to cover the Continent as well as Britain.

P. Grant Jones, an officer of the Department of Trade and Commerce, Ottawa, recently spent several weeks in Britain. During his visit he called on the trade and sized up the interest in various types of Canadian recreational equipment. A specialist in this field, he can give the benefit of his experience to Canadian businessmen who are considering coming to this country.

Business trips, to be completely successful, should be planned far enough ahead to make sure of hotel accommodation, because there is a severe shortage of rooms in this country. Mr. Jones can suggest whether or not visitors should plan to spend any time outside London, depending, of course, on the products offered. Some attention should also be paid to buying seasons (see *Foreign Trade* of August 27, 1960). Although the shops buy golf and archery equipment continuously throughout the year, they pick up fishing tackle chiefly from March to June. For most summer goods, buying takes place in November-December or a little later; for most winter goods, in March-April or later. If you are in doubt about when your product should be offered, the Commercial Division of Canada House, London, will be happy to consult the trade for you.

Canadian-made equipment usually enjoys a Commonwealth tariff preference if it can comply with Commonwealth preference regulations. Details of these regulations may be obtained from the International Trade Relations Branch of the Department in Ottawa, or from the Commercial Division, Canada House, London, England. The Commonwealth preference gives Canada an advantage, sometimes substantial, vis-à-vis outside suppliers in other highly industrialized countries.

What Is in Demand

It would be unwise to state categorically what types of Canadian equipment cannot be sold in this country. A case in point is the sudden recent introduction of indoor bowling into Britain by more than one North American manufacturer. Both the Canadian and U.S. varieties of the game were previously unknown here but now give promise of catching on quickly. It seems unlikely, however, that baseball or the Canadian type of football will be played in Britain to any extent in the foreseeable future. Nor is ice hockey played enough to justify much effort in selling the equipment.

Other sporting goods—such as go-karts, bicycles and tennis gear—seem to be adequately supplied by local manufacturers who have the advantage of relatively low labour costs and a highly developed metal-working industry. Tennis racquets are also arriving here from low-cost Commonwealth countries.

Although the British have in the past been great walkers, walking in the country today has lost much of its appeal because of the heavy motor traffic. This has led to a greater interest in pleasure boating and the use of trailers.

How to Sell

It might be helpful to list some Canadian-made equipment that has found a market here, or that may, in our judgment, be saleable. Included are:

- Outboard motors
- Small boats
- Marine hardware
- Fishing tackle
- Golf clubs
- Camping equipment (tents)
- Fishing and hunting clothing
- Roller skates
- Ice skates
- Archery equipment
- Sporting firearms
- Playground equipment

British buyers almost always insist on worked-out, laid-down prices in the city where they live, usually London, but sometimes other points. Canadian firms who find this presents difficulties may wish to ask their forwarding agent to calculate these prices when required.

Interested sporting goods manufacturers are encouraged to consult P. Grant Jones, Commodities Branch, Department of Trade and Commerce, Ottawa, or the Office of the Minister (Commercial), Canada House, London. ●

The British Demand More Refrigerators

THE almost revolutionary change in the standard of living in Britain over the past few years has been reflected in rising sales of refrigerators and refrigeration equipment. Large-scale advertising, particularly on the television networks, is leading the average Briton to look upon a refrigerator as a necessity in his home, and easier facilities for instalment buying have helped make such purchases possible. At the same time the growing market for frozen foods has boosted commercial refrigeration.

Sales of household refrigerators started climbing steeply when the purchase or sales tax of 60 per cent was cut in half in 1958. Sales soared still higher with the removal of restrictions on instalment buying in October of that year, followed by a further reduction in purchase tax to 25 per cent in last year's budget. From a record 256,500 in 1957, sales jumped to 448,500 in 1958, and almost doubled to 849,363 in 1959. Imports of refrigerators from Western Europe in 1959 reached about 124,000. The market in 1959 was influenced by one of the warmest and driest summers in Britain for many years. New, though milder, restrictions on instalment buying, however, and the return to normal temperatures this summer, may have adversely affected sales.

Demand for commercial refrigerators has increased steadily in the past decade. Sales in 1959, at £12 million, more than doubled the 1949 total of £5.8 million. Although products of the industry have a wide variety of uses, ranging from hospital installations to beverage dispensers, the expansion in recent years stems mainly from the rapid rise in frozen food consumption. At the end of 1959 there were an estimated 60,000 retailers of frozen foods in the United Kingdom, and they are expected to exceed 80,000 by the end of this year. Habits are changing as more and more British demand ice in their drinks and begin to develop a taste for iced lager. The growing popularity of the automatic refrigerated vending machine for soft drinks, milk and ice cream is also having an effect. Finally, there is of course the need for refrigerated vehicles for transporting frozen foods.

The domestic manufacturer has been quick to meet the needs of this market. A factory for making refrigerators, which is said to be the largest and most automatic in Europe, has just been completed. At the same time more attention is being paid to styling. Keen competition from Western Europe helps to keep the domestic industry on its toes, and the removal of import restrictions on dollar imports has led to growing purchases from North America, particularly of the larger units which are finding more buyers.

Canadian manufacturers of refrigerators and refrigeration equipment will find the British market well worth investigating. At present one unit in eight that is sold for home use is imported; there has been no check on the demand for commercial units. Some idea of the potential market for household refrigerators may be gained from the fact that at the end of 1959 less than one in five of the 16 million homes in Britain had one. The forecast is that sales on the local market, sparked by increasing demand for replacement units, will range between 1 million to 1½ million domestic refrigerators a year. This shows a potential of considerable interest to Canadian exporters.

—A. WORDEN EVANS, *Trade Commissioner, Liverpool.*

TRINIDAD AND JAMAICA

Poultry Becomes Big Business

Poultry producers in Trinidad and Jamaica are boosting output to satisfy rapidly expanding consumer demand. Canadians can profit by supplying purebred breeders, raw materials for feed mills, prepared feeds and hatchery equipment.

TRINIDAD

CHICKEN has become a favourite in the diet of Trinidadians and local poultry producers are working to increase their share of the rapidly expanding market. Canadian producers can win a bigger share of the business too, particularly with baby chicks and poultry feeds.

First, a look at the local industry. Six large poultry farms with flocks ranging in size from 50,000 to 300,000 birds, plus a number of smaller producers, have increased poultry production by over 200 per cent in the five years 1954-58. In the same period, per capita consumption has risen from 3.5 pounds a year to 10.7. The Government has encouraged poultry-raising to replace imports with local production though, as Table I shows, Trinidadians are eating more imported chicken now than they were in 1954.

Problems in the Industry

Poultry-raising in Trinidad offers advantages and disadvantages that do not exist in the Canadian industry. The farmer must either have a hatchery or else import the baby chicks; the larger producers are doing both. Each of the big farms has one or more incubators for hatching its own chicks. To cope with a limited market and the lack of storage and processing plants, production must be geared so that the farmer has chickens for his customers every day, and at every stage from egg to broiler. The customer may drive to the farm to buy one or more broilers at any time as they come off the production line; home deliveries are charged for. The farmer is therefore a retailer as well as a producer and must have a retail stand and sales staff.

The lack of adequate cold storage and a processing plant prevents the producer from storing excess supply to meet peak seasonal demand at Christmas and Easter. He must start the right number of chicks to reach maturity at the right time by a calculation made two to three months in advance. The tropical climate offers advantages, however, in the low cost of housing; a cement floor, screen siding and an aluminum roof are adequate for year-round operation. Bagasse from the sugar industry provides a cheap and satisfactory deep litter.

In addition to local marketing expenses, another problem for the farmer is the high cost of imported feeds. Several feed mills are operating in Trinidad but most of the raw materials must be imported. Local mills have not been able to undercut the prices of imported feeds but may be in a better position if a mooted flour mill is built in Trinidad.

GIBBONS
FEEDS

These broiler chicks, supplied to a West Indian company by a Canadian producer, were on display at the Caribbean Trade Exhibition in Port-of-Spain this year. Canadian chicks are winning a good reputation in Trinidad.

TABLE I

TRINIDAD POULTRY CONSUMPTION

	Production	Imports	Consumption
		('000 pounds)	
1954	2,250	283	2,533
1955	3,701	1,486	5,187
1956	4,137	2,000	6,137
1957	4,500	2,404	6,904
1958	5,100	3,334	8,434
1958 as per cent of 1954	227	1,178	333

TABLE II

POULTRY MEAT IMPORTS

From	1956	1957	1958
		(pounds)	
United States	1,995,707	2,392,364	3,329,812
Canada	5,617	34,561	23,195
Others	22,835	4,526	1,670
Total	2,024,159	2,431,451	3,354,677

TABLE III

BABY CHICK IMPORTS

From	1956	1957	1958
United States	194,302	76,424	120,413
United Kingdom	385	575	2,980
Others	420		25
Total	195,107	76,999	123,418

Most of the imported poultry meat comes from the United States, frozen and packaged for sale in stores and supermarkets. Although prices of imported chicken are generally higher than for the local product, attractive packaging and convenience are sufficient inducement to the shopper. Canadian exporters have received only a small share of this expanding market, as shown in Table II. Jamaican producers have been able to more than satisfy domestic requirements and have exported considerable quantities of poultry meat to Trinidad in the first few months of 1960.

Breeding Stock Imported

The demand for baby chicks will remain high because poultry farmers do not have the hatchery capacity to maintain or increase their stock. The Government has retained import controls on broiler chicks for rearing so that the importer must obtain a licence to cover shipments. Controls are being used to encourage poultrymen to hatch their own eggs for raising broilers. Because of limited hatchery capacity, each licence is issued on the merits of the application. Licences are issued freely for the import of breeding stock to encourage development of high-quality strains on the island. To maintain breed standards, a certain number of purebred chicks will continue to be imported after expansion of the industry levels off.

TABLE IV

FEED IMPORTS

From	1956	1957	1958
A—Oats (unmilled)			
Canada	2,135,212	2,139,225	2,776,520
Ireland	1,517,808	706,240	703,200
Netherlands	4,550	654,794	156,600
United States	400		210,000
United Kingdom	582,520	71,840	
Australia	62,000		
Total	4,304,490	3,572,099	2,846,320
B—Mixed grains (balanced ration)			
Canada	4,553,650	4,203,675	4,269,650
United States	1,689,303	1,539,735	2,144,980
South Africa	37,416	446,684	112,750
Others	58,740	18,169	19,878
Total	6,340,109	6,208,263	6,547,258
C—Mixed meals (balanced ration)			
United States	17,751,000	19,696,335	23,794,550
Canada	364,500	125,000	43,000
South Africa			112,750
Others	151,209	24,855	9,936
Total	18,266,709	19,846,790	23,850,061

Canadian breeders of laying strains also have an opportunity to introduce their breeds to this area. Producers of broilers are in the egg business too, and are in the process of establishing high-grade laying flocks. One well known Canadian company has successfully introduced its breed to the island this year and local producers are enthusiastic about the Canadian chicks.

Poultry Feeds Needed

Canadian exporters should examine the possibility of supplying raw materials for the local feed mills, as well as prepared feeds. One of the two large local mills is owned by a United States feed company; the other is locally owned and operates under licence from a U.S. food company. The chief concern of these mills is to turn out feed equal in quality to the imported product and at an equal or better price. The concentrates that form the basic formulae of the feed are supplied by the parent firms but the mills must seek out the cheapest source of grain. Quotations from Canadian exporters of soybean, wheat bran, linseed meal, whole and crushed oats and corn would be considered.

The trading pattern over the past few years has shown considerable Canadian participation in supplies of unmilled grains and balanced ration. The largest market is for mixed meals, and United States suppliers have enjoyed expanding sales. Table IV shows the changing size of the market and the competitive position of supplying countries.

The demand for poultry products has kept prices high and the industry is expected to expand. To meet marketing requirements, a poultry producers' co-operative has been stablished. This co-op is negotiating with the Government for funds o establish a cold storage and processing plant, which should brighten prospects for the local poultry ndustry.

—R. L. RICHARDSON,
Assistant Commercial Secretary,
Port-of-Spain.

JAMAICA

STEADILY rising income in Jamaica during the past few years has set the stage for development of a modern, efficient poultry industry within the short space of one year.

Before 1958, production came mainly from small flocks that provided intermittent supplies of poultry and poultry products. In 1958 the firm that now supplies 80 per cent of the market began operating with a weekly output of 3,000 birds; this has been increased to an average weekly output of 18,000. Three other commercial-sized operations turn out a total of 4,500, and bring the industry total to over 22,000 a week. Modern poultry farms have been built where birds are raised for market in from 6½ to 10½ weeks, depending on the size required.

Jamaica's even temperatures have proved ideal for poultry farming, judging from the excellent food-conversion records. Only 2.25 pounds of feed are required on an average to produce one pound of fowl, and results as low as 1.59 have been achieved; this compares favourably with the 2.50 rate in North America. A minimum of protection is all that is necessary and poultry houses are light and economical. The buildings consist of walls of wire netting with an aluminum roof to provide shelter from sun and rain.

New Plants, Distribution

A modern processing plant (capable of handling 3,400 birds an hour) has been erected, though it is currently operating at only half of capacity. End-products of the process include fowl prepared for roasting or broiling, parts of fowl packed in one-pound boxes (i.e., wings) and complete birds cut up ready for frying and in consumer packages.

A new hatchery is being built which in its initial stages will hatch 24,000 chicks a week. On completion, the plant will form part of a complex providing Jamaica with a fully integrated industry—from hatching to distribution of poultry meat to retail outlets throughout the island.

One of the major obstacles that faced the industry in its initial efforts to establish island-wide distribution was the lack of refrigerated storage space. A number of ice and electric-refrigerated display cabinets have now been installed in the smaller rural stores, but most of these outlets are still not equipped to handle fresh meat products. In spite of this, however, consumption in the rural areas has multiplied over 13 times in only a few months. Refrigerated trucks now provide weekly delivery service to all areas and further big increases in sales are forecast.

In addition to supplying the domestic market, Jamaican poultrymen have begun to export to other islands in the West Indies with considerable success. At the moment the only limiting factor is their inability to produce enough to supply all markets, but with the completion of the expansion program, this problem should be overcome. Canadian exporters of poultry products can therefore look forward to increased competition in the Caribbean from the modern and well-equipped Jamaican industry.

Chance to Sell Feed

Because Jamaica is not self-sufficient in animal feeds, the rise of the poultry industry has opened up a big new market for North American feed mills. Although some of the local poultrymen have already established connections with suppliers, there are a number of independents whose purchases represent an interesting volume of business. Competition is keen, however, and U.S. companies have in the past obtained the bulk of the sales.

Recently there have been a number of proposals recommending construction of a feed mill on the island. If one is built, advantages such as tariff protection and the prompt service they will be able to provide will give them a decided advantage over Canadian firms, who are faced with relatively high shipping costs.

Although the development of the Jamaican poultry industry will probably reduce exports of Canadian eggs and poultry products to the Caribbean in the years ahead, it should open up opportunities for the sale of Canadian feeds and of hatchery and processing equipment.

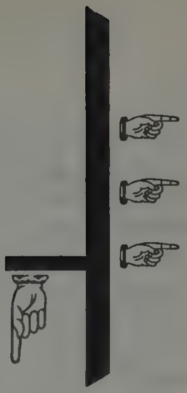
—C. G. BULLIS,
Assistant Trade Commissioner,
Kingston.

British Like Our Frozen Cod

W. Adair Stewart, Assistant Agricultural Secretary in London, reports that samples of the first shipment of fresh frozen Newfoundland inshore cod fillets ever landed in Britain were featured recently at a luncheon in one of London's famous eating places.

To impress the trade with the excellence of this product, the importer invited 15 prominent members of trade and allied organizations to sample cod fillets cooked in nearly a dozen different ways. The result was unanimous agreement that inshore cod fillets, properly processed and expertly cooked, are fine fare. The samples were drawn from a 100-ton shipment. Another 400 tons are scheduled to follow and the cod will be distributed to British wholesalers in London and Hull.

Packed in 14-pound slabs, the fillets are expected to find a particularly good reception in the "institutional" market. At the same time there is substantial evidence that the fish-frying trade is interested. A logical projection would be the introduction of a consumer package that would advertise the unique qualities of this special type of fillet. All in all, signs for the future appear excellent.



Advertising Abroad

In Argentina, newspapers rank as the leading advertising medium; television will become increasingly important with opening of new channels.

C. S. BISSETT, *Commercial Counsellor, Buenos Aires.*

ADVERTISING in Argentina is well developed and the advertising methods used are progressive and up-to-date. During the past 20 months the volume of advertising has expanded remarkably because of the changes in the economic controls that went into force on January 1, 1959. On that date the import and foreign exchange permit system was abolished and the multiple-rate foreign exchange system eliminated. A fully free market was established and, theoretically at least, all foreign products not normally prohibited became eligible for import.

These changes greatly affected the normal volume of advertising, because not only was newsprint included in import list #1, free of exchange surcharges, but newsprint rationing was abolished. Up to that time, all newspapers and periodicals had been receiving a specified quota of newsprint imported at the official rate of exchange. Quantities in excess of these quotas could be imported at the so called "free" rate of exchange, always provided that the exchange could be obtained from the Argentine Central Bank. In actual practice, very little of such exchange was ever obtainable. The result was that the amount of advertising that the publishers could accept was limited by the number of pages permitted for each issue and conditioned also by the allowable daily or periodic circulation count of each issue. The abolition of the controls opened the way to the unlimited import of newsprint and this in turn made possible a greatly expanded volume of advertising.

Types of Advertising

- *Newspapers*—Newspaper advertising is the backbone of the industry and the volume has at least trebled since the import controls on newsprint were removed. The newspaper coverage available in greater Buenos Aires is excellent and this type of advertising is also well developed in the more important cities and towns of the interior.

- *Periodicals*—Magazines are not used for advertising nearly as much as daily newspapers. A fair number of weekly and monthly magazines are published but these are designed mainly for the home and feminine interests and for sports, radio and the cinema. Nevertheless, this type of advertising is effective and reaches a moderately large and important sector of the population. But the number of such magazines is comparatively small in relation to the total population.

The number of trade magazines or journals is even smaller, although it is increasing appreciably. In comparison with Canada, for example, the scope for advertising in such periodicals is relatively limited. This again is the result of the restrictions on the import of newsprint. New magazines could not be established because they could not obtain paper quota. However, since th import restrictions on paper wer abolished a number of new trad magazines have appeared. Nevertheless, there still remains a wide gap to be filled. In addition to these, limited number of directories and yearbooks are published. Some industrial companies publish house organs which accept limited amounts of outside advertising.

- *Outdoor*—Outdoor advertising is also well developed, particularly posters. Several types of poster circuits are available to the advertiser including illuminated 12-sheet poster panels. In addition to the controlled poster advertising, a comparatively large volume of posters large and small, are used indiscriminately on any handy surface that fronts on a main thoroughfare.

Electric signs are not widely used in Argentina, not because of a lack of popularity but because of the chronic shortage of electric power. Power for electric signs and window displays supplied by the public utility companies may not be used after a specified hour, usually soon after closing. However, anyone is permitted to operate these advertising media by power supplied from an individual lighting plant. The general effect of the restriction is to confine this type of advertising to the larger companies which find it worthwhile to install their own power systems.

Captive balloons and kites displaying pendants are used to a certain extent; so are pendants towed by aircraft. Aircraft smoke-writing is also employed to a limited degree. Another form is advertising through loudspeakers in low-flying airplanes;

this is used mainly in residential areas or over places such as sport stadia when games are in progress.

- *Radio and Television*—Advertising by radio comes second in importance only to newspaper advertising. At present Argentina has 54 radio broadcasting stations, eleven of them in Buenos Aires. There are three networks, each of which is connected during the evening hours at least with some 12 to 15 stations in the interior. Roughly 85 per cent of Argentine homes have radio receivers. An important percentage of the programs are of the fixed-hour variety, sponsored by local companies or combinations of them. Commercial announcements seem to be favoured, and they have an appreciably longer portion of the program time than in Canada.

Up to the middle of June, only one television channel operated in this country. However, a second one has been opened and plans are under way for a further three or four before the end of the present year. There are an estimated half-million TV sets in greater Buenos Aires and immediately surrounding areas. Television will probably become one of the most important advertising media when all the new channels have been established.

- *Cinema*—Considerable use is made of moving-picture screens and there are a large number of these not only in the main centres of population but also in almost every part of the interior. The Argentine film industry provides excellent facilities for producing filmed commercials—both in colour and black and white, and both "live" and cartoons. However, most of these filmed commercials are used not in the principal theatres in the federal capital but in the suburban theatres and those in the interior. In most of these, the showing of a number of commercials of this kind is a regular feature between the principal films on the program.

- *Transportation Advertising*—This type of advertising is not yet well organized, with the exception of that in the coaches and in the railway stations of the Buenos Aires subway system. However a certain amount of advertising is carried in the coaches and on the station platforms of the suburban electric railways.

- *Direct Mail and Point-of-Sale*—The direct-mail type is used extensively in most of the usual forms. With one exception, point-of-sale advertising is also widely used. The exception is the offering of premiums, which is prohibited. However, this does not apply to the free distribution of samples.

Peculiar Local Customs

There are no peculiar local tastes or customs or any taboos that prevent the use in advertising of certain colours, marks or trade-marks or anything similar. It is presumed that any advertising will not include statements depreciating the country, its people or its historical figures, or enhancing the importance of those of other countries at the expense of similar Argentine figures. It is also essential that advertising copy designed for this country be checked for idiomatic accuracy by a competent Argentine. Certain Spanish words, although they may be innocuous in one Spanish-speaking country, may have a meaning in another that will completely nullify the good results to be expected from the advertising.

Advertising Agencies

The Argentine Association of Publicity Agencies has a total membership of 35 firms. However, a great many firms in this branch of business do not belong to the Association although, generally speaking, the larger and more important agencies are members. Practically all these firms have the facilities to handle an advertising account completely—i.e., to originate the advertising in conjunction with the sponsor, write the copy and do the artwork, and place the advertisements to the best advantage within the budget allowed. They are also equipped to translate the standard advertising that a foreign client uses in his home country. The average charge of such an agency is 15 per cent of the gross billing.

Some of the better known advertising agencies in the United States have their own branches here. In addition, there are several Argentine companies that represent well-known United States and Canadian agencies.

Most of the larger advertising firms operate their own market research division that will provide on request a complete report on market prospects for a product. However, outside of the advertising companies there are few firms which offer this research service. Two or three without advertising affiliations have begun operations within the past year or so, but for this type of service the advertising companies are the best choice to provide the most accurate information upon market prospects.

Trade Fairs

Trade fairs as a medium for advertising are relatively unimportant here. Almost the only fair of this kind worth considering is what is locally known as the Palermo Show, a livestock exhibition held annually in Buenos Aires under the auspices of the Argentine Rural Society. This fair offers facilities for the exhibition of manufactured products. In addition, there are a number of similar agricultural fairs held annually in some of the smaller centres such as Rosario, but they do not have great value for advertising foreign products.

Briefly, Argentine advertising methods and media are almost identical with those in Canada with the exception of the language; and Canadan advertisers could set up and operate their advertising campaigns more or less along the same lines as in Canada. However, it is strongly recommended that any advertising done here be done through a corresponding Argentine advertising agency. ●

Over 2 million acres in South Africa have been planted with trees in the last 80 years.

South Africa's Forests

How is South Africa using the timber from stands planted with pine and Australian hardwoods? What changes are apparent or expected in timber imports?

L. J. TAYLOR, *Assistant Trade Commissioner, Johannesburg.*

SOUTH AFRICA is not lavishly endowed with trees and the pioneer settlers soon exhausted virtually all the accessible timber stands. Indigenous forests now cover less than 1 per cent of the land. They are slow growing, scattered and remote, and the wood is suitable only for furniture.

About 80 years ago South Africans realized that they must plant their own forests. After careful investigation the eucalyptus and wattle from Australia and the North American pines were found to be best suited to the Union's climate and industrial needs. Afforested areas have now grown to almost two million acres. This is small by Canadian standards but the average rate of growth is a phenomenal 160 cubic feet per acre per year for conifers, 300 cubic feet for eucalyptus, and 150 cubic feet for wattle. South Africa's forests are thus among the world's most productive.

From the 1930's on to the postwar period, an average of 30,000 acres a year were planted and this rose to an average of 50,000 in the early 1950's. Most of the recent acreage planted in both the state and private stands is pine. Another 500,000 acres are available for planting and most of this will be given over to pine. By 1980 most of the suitable areas will be completely planted.

Softwoods

The future of South Africa's forest products industry lies with the various species of pine. In the next twenty years the plan is to increase state plantations by 325,000 acres and private plantations by 135,000. Another 500,000 acres have been tentatively planned for the Native Reserves. This would bring the total acreage of various types of pine to almost 1.7 million in 1980, which would yield over 225 million cubic feet of usable timber a year.

The Government owns 500,000 acres of pine plantations; pinus patula, pinus elliottil and pinus pinaster are the major varieties. Thinning cuts are generally made at the 7th, 12th and 17th years, reducing the original 540 trees planted in each acre to about 250. The thinnings yield about 1,500 cubic feet of small logs per acre and the clear felling at 25 or 30 years an average of up to 4,000 cubic feet. At present about half the trees are less than ten years old. Private sawmills obtain 60 per cent of their logs from state forests and account for 70 per cent of state log sales. Log sales earn about $8 million for the Government.

The 265,000 acres of private plantations consist mainly of pinus patula and pinus radiata; the annual increment averages 200 cubic feet per acre. The larger sawmills own most of these stands, located largely in the eastern Transvaal. Thinning usually takes place at the 10th and 15th years and clear felling after 25 years. The plantations are then either reseeded by hand or choice trees are left for natural seeding. In 1956 almost 65 per cent of their trees were under 8 years, 33 per cent between 8 and 20 years, and only 2 per cent over 20. As these trees mature, South Africa will be able to meet an ever increasing portion of her softwood needs. Although softwood acreage is less than hardwood, total softwood output is greater because of the denser planting of the coniferous varieties.

Hardwoods

The wattle industry is one of the oldest in South Africa. Shoots and nursery trees were first imported from Australia before the turn of the century. Over 720,000 acres (95 per cent in private plantations) are now planted to wattle trees and this acreage is not expected to increase much in the future. Most of the plantations run from 2,500 to 36,000 acres and are found in Natal. Exports of wattle bark and wattle extract total $15 million a year and go to over 60 countries.

Wattle grows at about 155 cubic feet per acre per year. The mean maturing age of the bark is about ten years and when the trees are cut at this age for debarking they yield logs of three to seven inches as a byproduct. About 115 million cubic feet is made available each year from the debarking and the board industry uses 3 million. The gold mines use another 25 million, 3 million is used as fence poles, and over 40 million sold for firewood. The rest is discarded as waste. This is a graphic illustration of one of the fundamental features of the South African forest industry: oversupply of hardwoods and small-dimension softwoods and short supply of the larger timbers needed for structural purposes.

Like the wattle, the various varieties of eucalyptus were imported from Australia years ago, mainly by private interests, as a fast growing, strong tree that would provide shaft props for the gold mines. But acreage has been declining in recent years because of a persistent oversupply and more and more plantation owners have switched to pine. Between 1955 and 1957 supplies of softwood logs from private plantations rose 35 per cent but eucalyptus decreased by 15 per cent. Softwoods now account for 60 per cent of the output of private plantations and eucalyptus for 40 per cent; a few years ago these proportions were reversed. The 270,000 acres now owned by private interests is less than in 1946. If there is any further expansion, it is expected to be limited. Much depends on the rate of exploration activity in the gold-mining industry.

It is estimated that this year about 80 million cubic feet of eucalyptus will be suitable for cutting. This is about one-third greater than the probable domestic requirements.

Sawmills should take just over 10 million cubic feet for sawn mining timber, rail sleepers, and wood for the furniture and other wood products industries. The mines will use over 25 million cubic feet for shaft supports, etc., another 8 million will go for fence poles, 10 million for the manufacture of rayon pulp, and 2 million to the board industry for use in veneered chipboard.

In future, the present heavy surplus of eucalyptus will disappear as acreage is cut back. Although intensive research into new uses for these hardwoods is going forward, South African timber is not expected to make much of a dent in the markets now held by softwood, both imported and domestic, though in the field of furniture and rail sleepers it may make some inroads into markets currently held by imported hardwoods. As domestic supplies of mature softwoods increase in the next decade, much of the incentive to substitute local hardwoods for imported softwoods will disappear.

Sawmills

There are over 80 sawmills, both state and privately owned, in South Africa and they represent an investment of $175 million. They receive more than 40 million cubic feet of logs each year (about 80 per cent softwood) mainly for conversion into rough structural timber and box shooks. State plantations now supply 75 per cent of the softwood logs sent to all sawmills, but as the vast new forests of the large private mills mature, this proportion will shrink.

A few large mills cut most of the logs. One big one recently opened in the eastern Transvaal has an annual capacity of 10 million cubic feet and there are also 12 other privately owned mills, each of which annually converts over one million cubic feet of sawlogs, thus accounting for one-half the industry's throughput. An additional seven state mills convert a total of 9 million cubic feet.

In common with many other industries in South Africa, the sawmills grew rapidly during the war because traditional sources of supply were cut off. Inevitably, the industry had its growing pains, chiefly because of the small logs of the immature trees. But as the mills have been able to draw on more mature forests, the defects and faults of their sawn output have diminished. Even today it is estimated that 75 per cent of the logs supplied to the mills are thinnings, not mature trees, and are less than 7 inches in diameter. It will probably be another 15 to 20 years before South Africa's forests will be able to supply the larger dimensions required for structural timber. It is generally accepted that the present drawbacks of South African timber are the small dimensions and short lengths, compressed wood, spiral grain and twist. These disabilities should be reduced in the future.

The smaller private mills draw their logs from the state plantations on a 20-year contract basis. The large mills generally have their own plantations but many also buy logs cut from the state forests and the state mills draw their supplies exclusively from state plantations. As plantations reach productive maturity, new sawmills are constantly being set up; one source estimates that there will be 60 new ones within the next 15 years. Because transportation costs in the Union are high, the mills are generally in the forest areas and with the exception of the bigger ones, draw their sawlogs from a radius of five miles or less. The rough sawn structural timber is shipped for dressing to lumber merchants in the market areas. Box shooks are usually made up at the mills and sent in bundles to box factories in the fruit-growing districts.

Yields and Markets

Sawmilling is considered relatively inefficient compared with Scandinavia or North America. Yields of sawn timber are between 25 and 35 per cent of the roundwood intake and subsequent planing yields are just over 50 per cent on box shooks and 90 per cent for dressed structural lengths. But the real problem at the moment is the non-utilization of byproducts. The main reason is the lack of markets in which to sell the products that can be made from sawdust (20 per cent of the log), split wood, edgings and slabs. South Africa already can provide all its board needs and has a surplus for export. Hardwoods too are cheaper and provide 80 per cent of the hardboard pulp at present. The paper industry already uses considerable quantities of leavings and would prefer to get larger logs than those it is currently using. Most of the waste at the moment is either discarded or sold as firewood. There are no integrated mills in South Africa because it is cheaper to rail this raw material to factories close to the market areas than to process it at the mill site.

The 20 per cent hardwood intake is sawn for the furniture industry, mining structural timber, rail sleepers, tool handles, etc. It is expected that hardwoods will play a progressively smaller role in the future. Eucalyptus from private plantations is the main type used.

Structural timber is rapidly becoming the major output of the private sawmills. Earlier box shooks were the leading end-product and for the state-owned sawmills they still are. But this market is almost saturated as production has caught up with demand. Cardboard and other materials have cut deeply into the previously large market for industrial box shooks. The major customer for boxes is the fruit industry, which packs its exports exclusively in wooden containers. Over 6 million cubic feet of box shooks a year are produced from 20 million cubic feet of sawlogs.

When the sawmills are able to draw on large homegrown logs, they will be able to supply an ever increasing portion of the building timber needed in South Africa. The problem to date has not been so much one of lengths as of widths and thicknesses. Home-grown pines do not yet yield boards over 2 inches thick or 6 inches wide in quantity, although lengths up to 18 feet are readily available. It is the softwood planks like 3 x 9's, etc., and the longer lengths which the Union's forests cannot yet supply that must be imported. Much of the wood currently sawn for lumber would be much better used as pulpwood if there were sufficient pulp mills to buy the logs.

Almost all building timber is used for residential construction. To date the variety of building codes employed in the Union has inhibited the use of wood in housing, but with the impregnation methods now available for treating wood against infestation, most of the objections should fall away. The industry hopes that lumber will become more and more acceptable as a building material and they are promoting it strenuously.

The introduction of grading standards and the increasing acceptance of them by the sawmillers, merchants and end-users is helping to raise the standard of South African timber. Sawmills desiring today to use the South African Bureau of Standards grade mark must satisfy the authorities on the quality of their output and submit to periodic inspection. To date only the larger mills have applied to use the mark but it is hoped that, as the consumer becomes better educated about the value of good timber, increasing

SAWMILL ACTIVITY FOR YEAR ENDED MARCH 31, 1957

		Softwood	Hardwood	Total
		(millions of cubic feet)		
A	Roundwood supplied to sawmills			
	From state plantations	22.14	2.17	24.31
	From private cutting	10.93	6.12	17.05
	TOTAL	33.07	8.29	41.36
B	Sawmill throughput			
	State sawmills	8.05	.04	8.09
	Private sawmills	22.04	8.25	30.29
	State supplies to other outlets	2.98		2.98
	TOTAL	33.07	8.29	41.36

demand for a quality product will encourage more and more mills to accept the SABS grade standards.

Future Considered

For 1960 it is estimated that 53 million cubic feet of usable softwoods are available. Of this, about 22 million cubic feet would be used for structural purposes and 31 million for box shooks. (Yields would be 7.5 million cubic feet of rough dressed planks and 7.0 million of finished box shooks.) To supply coniferous pulpwood requirements, about 10 million of the 22 million cubic feet suitable for structural timber will be diverted to the pulp mills. The remaining 12 million will yield just over 5 million cubic feet of rough sawn timber, about 25 per cent of South Africa's needs. The forecast market is 24 million cubic feet, of which imports should supply close to 19 million. Canada in past years has held about two-thirds of this market and should continue to be the major South African supplier. Although box shooks are still imported (1.4 million cubic feet in 1958) the 7 million cubic feet available in 1960 is sufficient to fill all the Union's requirements. A small surplus is expected.

Should additional papermaking capacity be installed in the near future, the available supplies of South African structural softwoods will have to be diverted further to the new pulp and paper mills. However, South Africa's domestic production now can provide the smaller dimensions and shorter lengths of softwood timber and also a surplus suitable for pulpwood. The only other way of using this surplus would be to laminate the logs into larger sizes to compete against the timber now being imported. But this is more costly and satisfactory techniques of lamination are simply not available for production on the necessary scale. ●

In the next issue of Foreign Trade, *Mr. Taylor will discuss the pulp, paper and lumber industries in South Africa and the use made of domestic and imported wood.*

Commodity Notes

Aluminum

AUSTRALIA—The Australian Aluminium Production Commission plans to install a new plant at Bell Bay, Tasmania, that will increase smelting capacity from 12,000 tons to 16,000 a year. A Swiss company, Aluminium Industrie Aktien Gesellschaft, will provide technical services for installation of the plant, and the Tasmanian Government and the Commission will put up the necessary £2.8 million.

The Federal Government and the Tasmanian Government jointly operate the Aluminium Production Commission. In a bid to have private overseas capital expand the work, the Federal Government is negotiating to sell its share in the Bell Bay works to the British Aluminium Corporation. The agreement signed with the Swiss company will not prejudice negotiations for the sale—Sydney.

GREECE—The Government has announced plans to build an aluminum industry with the co-operation of the French firm Péchiney and a group controlled by Niarchos. The proposed complex comprises a 100,000-ton alumina plant to use the country's abundant bauxite deposits, a 52,500-ton aluminum reduction plant and two hydro-electric stations on the Acheloos River. An additional power plant will be built at Kremasta on the same river; a $31 million DLF loan was granted for this some months ago.

A total of 2.3 billion kwh. a year is to be supplied by the Acheloos plants, the largest of which (at Kremasta) will have an installed capacity of 400,000 kw. The two smaller plants will each be of 75,000 kw. installed capacity—Athens.

Brassieres

JAMAICA—Perfect Brassieres Limited, a company associated with a New York firm, will shortly begin production for the United States market through an agreement under the Export Industry Encouragement Law. A training program is under way and the firm expects to employ 100 people within six months—Kingston.

Castor Seed

BRAZIL—Brazil is the largest producer of castor seed in the world. In 1959 output totalled 204,000 tons, compared with 173,000 in 1958 and 200,000 in 1957.

Exports of castor seed in 1959, at 9,861 metric tons, were valued at U.S.$861,846. The United States, Germany, Spain and France were the major purchasers, with the U.S. taking about 75 per cent—Rio de Janeiro.

Electric Power

BRAZIL—A Cr.$600 million contract has been signed between the Economic Development Bank and CEMAT (Centrais Eletricas Mato Grosso) for construction of a 33,000-kw. hydro-electric power plant on Mimosa Falls, Rio Pardo, in the State of Mato Grosso. Total cost is estimated at Cr.$1 billion. The project includes renewal of the Campo Grande distribution network and construction of 100 kilometres of transmission lines from the plant to the city. Work has started and is scheduled for completion in the latter half of 1962.

The area surrounding Campo Grande is mainly agricultural, and the power plant will contribute to development of the cattle and dairy industries and establishment of food-processing plants—Rio de Janeiro.

NORTHERN IRELAND—Rising sales and increased generating efficiency are bringing cheaper electricity to Northern Ireland consumers. In 1959, the two biggest distributors announced price cuts of about 4 per cent, at the same time reporting a sales increase of 8.9 per cent over 1958. The drop in prices is said to be the result of the installation of new and larger power plants.

At Coolkeragh, Londonderry, construction is under way on the second of two 30,000-kilowatt generating units. They are the first in Northern Ireland to have oil-fired boilers and will be followed in 1961 by a similar 60,000-kilowatt set. The Coolkeragh site was chosen for its proximity to the large factories of Dupont Ltd. and Carbide Industries Ltd., at Maydown—Belfast.

Fish

IRELAND—Exports of fresh, chilled and frozen herring in 1959 stood at $935,200 compared with $714,000 in 1958. Chief buyers of fresh and frozen herring in 1959 were Britain $509,600 and the Netherlands $285,000. Sales of marinated herring last year to the Netherlands totalled $109,200 and to Germany $86,800. United States purchases almost doubled the 1957 figure of $33,600. Last year the prawn catch reached $134,400, most of which was exported—Dublin.

Heavy Electrical Equipment

INDIA—The Heavy Electricals Factory at Bhopal, Madhya Pradesh, began production on July 1. A Central Government undertaking, and the first plant of its kind in India, it is making switchgear, control panels, power transformers and small capacitors. Operations will be expanded in stages to include locomotive and industrial electric motors, hydro-and thermal-electric generators and other heavy electrical equipment. By 1967, the value of all products is scheduled to reach Can.$100 million a year. Technical consultants are Associated Electrical Industries Limited of the United Kingdom—New Delhi.

Multiwall Bags

ARGENTINA—It was announced on May 31 by Messrs. Papelcint S.A.I.C. of Buenos Aires that they will shortly purchase from Germany the most modern type of machines for the manufacture of large multiwall paper bags to be used as containers for lime, cement, sugar, flower, fertilizers, chemical products, etc. The kraft paper for this purpose will be produced in the company's own mills. Average daily production is expected to be 360,000 units of all types of multiwall bags combined—Buenos Aires.

Oil

ARGENTINA—The Argentine Ministry of Economy has approved a capital investment of £1.09 million by Canadian Shell Ltd. of Toronto to increase capacity of the primary distillation unit of Diadema Argentina S.A. de Petroleo and substitute the catalytic reforming unit with a catalytic cracking unit. The Argentine firm is a subsidiary of Canadian Shell Ltd.—Buenos Aires.

SPAIN—The Ohio Oil Company and the Compañia Ibérica de Petroleos have presented a proposal to the Spanish Government to build a refinery. The plant, to be supplied with crude petroleum from the U.S. firm's installations in Libya, will have a capacity of 1.1 million tons of refined products a year. Cost of the project is calculated at some $18 million, of which Ohio Oil will contribute $15 million. Control of the new company will remain in the hands of the Spanish Government because Ohio Oil will hold only a 28 per cent share of the capital.

An important aspect of the project is that Spain would obtain crude from the free port of Sirte, Libya, almost 3,000 miles nearer than the Persian Gulf oil ports. The enormous saving in freight charges, which represent almost 85 per cent of the cost of refined petroleum products, will greatly reduce foreign exchange expenditure—Madrid.

Paper

BELGIUM—Paper production in Belgium in 1959 rose by 4.2 per cent over 1958 to reach 377,995 metric tons but did not approach the 383,642 tons of 1957. Production included newsprint, printing-writing paper, kraft, parchment and imitations, wrapping paper, other paper, and paperboard.

The paper-converting industry was more active. Output of paper products, which accounted for 259,189 metric tons in 1957 and 249,306 in 1958, reached a new high of 273,747 last year. This stemmed from a substantial increase in imports of paper, mainly from Scandinavia, at highly competitive prices—Brussels.

Permanent Magnets

INDIA—A new company will be formed to make permanent magnets in collaboration with Centro Magneti Permanenti, Milan, Italy. The plant, the first of its kind in India, will cost Can.$314,000 and will have a capacity of 3.6 million units. Production will start by the end of 1961—Bombay.

Pulpwood

CUBA—The Reforestation Department of the Cuban Ministry of Agriculture will soon begin planting five million eucalyptus trees on some 6,500 acres in central Las Villas Province. It is hoped that what was formerly wasteland will eventually produce regular harvests of pulpwood for Cuba's paper and rayon industries.

The plan includes the first Cuban attempt at water conservation and 45 dykes will be built. Absorption ditches and retainer walls to prevent erosion and increase rainwater retention will also be built on the hillsides.

Four million pine trees are ready for planting in the seven nurseries the Government operates in the province. Other varieties included in reforestation plans are cedar, African and Honduras mahoganies, as well as Cuban species—Havana.

Rubber Chemicals

INDIA—A licence has been granted to an Indian firm to manufacture accelerator antioxidants. The factory is expected to go into production during 1961 and will have a capacity of 2,250 tons a year. India's annual requirements of these products, 1,000 tons at present, are expected to increase to about 2,750 tons by the end of the Third Five-Year Plan (1961-66)—Bombay.

Sawn Timber

NEW ZEALAND—The output of rough-sawn timber for the year ended March 1960 totalled a record 693.8 million board feet, an increase of 9 per cent over the previous year. Of this increase (57 million board feet) 37.4 million board feet consisted of exotic varieties and 19.7 million board feet of indigenous types. Output of exotic timber surpassed that of indigenous varieties for the first time, and now represents 51.2 per cent of total production of rough-sawn timber—Wellington.

Sugar

COLOMBIA—Colombia's sugar industry has been steadily increasing production and it is expected that by the fall it will be able to export 10,000-20,000 tons. Shipments should reach 50,000 tons in 1961 and eventually become Colombia's second largest export (the most important will continue to be coffee in spite of government efforts to encourage diversification in exports)—Bogotá.

Typewriters

INDIA—A Calcutta firm, Blackwoods India Ltd., has begun to make portable typewriters in a new factory with a capacity of 12,000 machines a year. This is the first Indian production of portable typewriters though standard models have been available for some time. Three units, with a total capacity of 33,000 typewriters a year, produced 21,400 standard machines during 1959. There is still a high percentage of imported components and shortage of foreign exchange prevents capacity operation—New Delhi.

Whisky

SPAIN—An order published recently in the *Official Gazette* authorizes formation of a new company, Andrew MacDonald Española, for making whisky and other types of liquors at Santander, northern Spain; operations are to begin within 18 months. Foreign capital participation will include machinery and equipment. A minimum of 90 per cent of the whisky, made from imported raw materials, is slated for export—Madrid.

Wool

NEW ZEALAND—The value of wool sold at auction in New Zealand this season totalled £76 million, compared with £61 million in 1958-59, according to the Wool Commission. Offerings increased by 3 million pounds, or more than 18,000 bales, and the average price per bale was £62/9/- compared with £50/17/5 in the previous season. The Wool Commission has announced that its floor price for greasy wool remains at 33d. per pound ex store New Zealand—Wellington.

Zinc

PHILIPPINES—A Philippine mining company has begun shipping zinc concentrates to the United States. The contract is for about 15,000 wet long tons and delivery is being made in the U.S. Northwest. The first shipment totalled 1,560 wet long tons, and is said to have contained 1,670,543 pounds of zinc, plus 2,344.62 ounces of silver and 200.27 ounces of gold—Manila.

Correction

In the article "How to Sell Montgomery Ward", published in the August 13, 1960, issue of Foreign Trade, *the number of retail stores that Montgomery Ward operates was given as 254. The correct figure is 554.*

Selling Food Products to Malaya and Singapore

What types of food does this area import to feed its eight million people? Who supplies it and where do Canada's best opportunities lie? Here are the answers—with supporting figures.

M. P. CARSON, *Trade Commissioner, Singapore.*

SINGAPORE AND MALAYA have a total population of slightly over eight million. The Federation of Malaya grows a certain amount of its own food needs but Singapore, a small island of only 200 square miles, relies mainly on imported foods. The accompanying table indicates the sizable volume of food imports into the two areas in 1959.

IMPORTS OF FOOD PRODUCTS INTO SINGAPORE AND MALAYA

	c.i.f. value (millions Can.$)
Live animals for food	4.3
Meat and meat preparations	10.0
Dairy products	43.2
Fish and fish preparations	13.1
Cereals, cereal preparations	91.6
Fruits and vegetables	36.7
Sugar and sugar preparations	26.2
Coffee, tea, spices	54.5
Miscellaneous food preparations	2.8
Beverages	10.0
Total	$292.4

The following paragraphs give details on the main sources and amounts of most food imports. All figures are for 1959 and in Canadian dollars.

Grain Products

Wheat flour—this product has become well established in Singapore and the Federation of Malaya and bread and other products made with wheat flour are gradually forming a more important part of the diet of the various races.

Imports: 158,000 tons.

Main suppliers: Australia 113,000; West Germany 15,100; Canada less than 10,000 tons; Japan, Hong Kong and France, each about 5,500 tons. Canada ships high-protein flour.

Unmilled wheat—imported almost exclusively from Australia for making into flour in small manually-operated mills.

Imports: 20,000 tons valued at $1.7 million.

Unmilled maize

Imports: $4 million, from Thailand, Cambodia, Burma. The United States supplied 28 tons.

Groats and cereals

Imports: $1.6 million.

Main suppliers: Australia 6,800 tons valued at $659,000; Canada, 818 tons valued at $378,000, chiefly packaged rolled oats.

Fresh Fruits

Imports of fresh fruits totalled $9.1 million and Communist China was the main supplier. Citrus fruits are the largest imports, at $4.4 million; the United States shipped $1.2 million. Canadian sales in this category have thus far been confined to B.C. apples.

Apples

Imports: 8,448 tons valued at $1.8 million.

Main suppliers: Australia, Communist China, Japan, Canada (433 tons worth $125,000) and the Unit-

This small Singapore bakery uses Canadian high-protein flour for its large, high-rising loaves of bread. In 1959, Canada sold about 10,000 tons of wheat flour in Singapore and Malaya but is faced with serious competition from other suppliers.

CHOP • BAN HOE HONG • BAKERY

ed States (611 tons worth $198,000).

Fresh Vegetables

These imports, valued at $15 million, come mainly from surrounding countries and Australasia; the United States supplies small quantities of fresh frozen vegetables.

Potatoes

Imports: $2.2 million.

Main suppliers: Japan, Netherlands, Egypt, Communist China. Other vegetables brought in include $2.4 million worth of onions (from India, Egypt, Lebanon, Thailand and Australia), and $1.1 million worth of garlic (China, Japan, Egypt and Italy).

Canned Vegetables, Soups, Fruits

In this group, Canadian participation has not been as large as might be expected. Before World War II, some Canadian brands were large sellers but they have not succeeded in regaining their prewar position. Because of the variations in standards of living, the North American type of canned goods can be sold to only a small portion of the total market. Canadian exporters should note, however, that well known U.S. brands are selling in small but worthwhile quantities in the area.

Canned vegetables

Imports: 4,650 tons.

Main suppliers: Communist China 1,005 tons; United Kingdom; South Africa; United States 620 tons valued at $275,000; Canada 0.7 tons.

Canned vegetable soup

Imports: 429 tons valued at $185,000.

Main suppliers: the United States and the United Kingdom, 225 and 185 tons, respectively. Canada sold only $12.00 worth.

Sauces

Imports: $600,000.

Main suppliers: United States $272,000, mostly tomato ketchup; Canada less than $1,000.

Honey

Imports: $69,000.

Main supplier: United States $22,000. Canada none.

Fish in Various Forms

Fish makes up a large proportion of food imports into this area. Fresh fish naturally comes chiefly from neighbouring countries, such as Indonesia, Thailand, Vietnam, and Communist China. Imports, including chilled fresh fish, totalled $2.7 million last year.

Fresh, chilled and frozen fish

Imports: $2.7 million.

Main suppliers (apart from above): United Kingdom $173,700; Denmark $41,430; Canada $20,096.

Smoked fish, n.e.s.

Imports: $66,900.

Main suppliers: United Kingdom $22,500; Canada $17,000, (principally smoked salmon).

Canned fish

Sardines, imports: $760,000.

Main suppliers: South Africa $672,000; Canada $6,000.

Salmon, imports: $103,000.

Main suppliers: Canada $42,000; United States $44,300, all Alaskan canned salmon.

Dairy Products

Australia, New Zealand, the United Kingdom and West European countries continue to dominate this market.

Sweetened condensed milk

Imports: $24 million.

Main suppliers: Netherlands $9.6 million; United Kingdom, Australia and Denmark.

Milk powder, full cream and skimmed

Imports: $2.9 million.

Main suppliers: Australia and Denmark. (The United States supplied $40,000 worth.)

Butter

Imports: $2.3 million.

Main suppliers: Australia and New Zealand.

Milk-based infant foods

Imports: $2.6 million.

Main suppliers: Denmark, the United Kingdom and New Zealand. Canadian firms supplied only token amounts.

Meat and Meat Preparations

This field is dominated by Australia and New Zealand, particularly in fresh, frozen or chilled meats.

Fresh, chilled and frozen meats

Imports: $4.2 million.

Main suppliers: Australia $3.5 million; New Zealand $239,000; United States $40,000.

Fresh killed, chilled and frozen poultry

Imports: $490,000.

Main suppliers: United States $290,000. Canadian exporters have not participated in this market, though fresh frozen chicken is popular here and U.S. brands are well established.

Bacon

Imports: $412,000.

Main suppliers: Denmark about $275,000; the United Kingdom $80,000; U.S. 1.3 tons. Canada did not participate.

Sausages

Imports: 469 tons.

Main suppliers: Britain and Denmark. The United States shipped $18,000 worth.

Canned meats and meat preparations

Imports: $1.9 million.

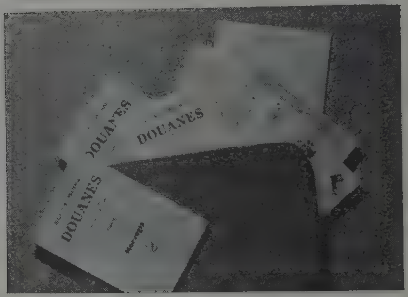
Main suppliers: Communist China, Denmark, Australia, United States $83,000, and Canada $5,100.

Canada's Position

Canadian food exporters do not do well in the South Asian market in comparison with the United States. North American products are usually beyond the means of the bulk of the population in this area but there are possibilities for firms prepared to explore the market.

The wheat-flour exporters of Canada's West Coast have developed, nurtured and watched the flour market here. A year seldom passes without the major Canadian exporters being in the market which they all know and understand extremely well. A well-informed Vancouver flour exporter is on first-name terms with all his customers in Malaya and Singapore—from the largest bakery to the small family-owned and operated establishment. The bakers are pleased with the excellent attention they receive. Suggestions for the improvement of their products are the basis for experiment and Canadian high-protein flour is thus sharing in the growth of the market.

In recent months, Canadian canned mushrooms, cheddar cheese, bacon and a few other food products have been introduced into Singapore and Malaya. The market potential for many specialty items is not large but every sale is probably helpful to a Canadian factory. There are importers willing to review products at c.i.f. prices and to try out the market. Sales of certain frozen foods such as chicken, turkey, fruits, vegetables, etc., are increasing. Competitive prices are essential and often it is difficult to overcome the entrenched popularity of well-established brands. But some effort, advertising assistance and attention to this small market could pay off for Canadian firms. ●



Trade and Tariff Regulations

Australia

TARIFF BOARD INQUIRY—The Australian Tariff Board proposes to hold public inquiries into the following subjects, at the places and on the dates shown, to ascertain whether assistance should be given to the production in Australia of these commodities, and if so, the nature and extent of such assistance and what rates of duty should be provided for each:

Item	Sydney	Melbourne	Perth
Ginger	Oct. 24	Oct. 3	
Xanthates	Oct. 25	Oct. 4	
Barium sulphate	Oct. 26	Oct. 5	
Vinyl monomers, etc.	Oct. 27	Oct. 6	
Lawnmowers and motors therefor	Oct. 10	Oct. 31	
Maize and maize grits	Oct. 11	Nov. 2	
Citrus pulp and citrus juice	Oct. 12	Nov. 3	
Cycle parts and accessories	Oct. 13	Nov. 4	
Gelatine (i.p.a.)	Nov. 28	Dec. 15	
Tetrasodium pyrophosphate and sodium tripolyphosphate	Nov. 29	Dec. 16	
Petroleum products other than mineral lubricating oils	Nov. 30	Feb. 1	Dec. 12

Indonesia

REVISES EXCHANGE RATES—A cablegram from Djakarta, dated August 31, 1960, reports that the Government of Indonesia has revised the exchange rates. According to the cablegram, new tax regulations effective August 25 abolish the 25 per cent tax on all currency transfers and this results in a slightly sliding rate of exchange for conversion of official and personal funds. For example, on a cheque for U.S.$300 the rate is rupiahs 44.569 per dollar, but for a cheque of U.S.$500 it rises to rupiahs 44.607.

Turkey

PAR VALUE OF LIRA—According to a recent notice, the International Monetary Fund has concurred in a proposal by the Turkish Government for a change in the par value of the Turkish lira. As from August 22 the official rate is nine Turkish liras to one United States dollar, as against the old official rate of TL2.80 to U.S.$1.00.

For all intents and purposes, this change is a technical one and will have no effect whatsoever on Turkey's import and export trade. Since the introduction of Turkey's economic stabilization program in August 1958, all imports have been charged a premium of TL6.20 to the U.S. dollar, making the effective exchange rate TL9.00 to the U.S. dollar. Moreover, since that date, exchange premiums for Turkish exports have been increased, until by February of this year the effective rate for earnings on all Turkish exports was TL9.00 to U.S.$1.00—Athens.

The Land of Everest

—as seen by JAMES R. MIDWINTER, Assistant Commercial Secretary in New Delhi. His recent visit to the little-known Kingdom of Nepal, high in the Himalayas, produced this interesting account of the country's resources, industry and trade.

THE Kingdom of Nepal lies between India and Tibet, along the southern slopes of the Himalayas. Rectangular in shape, the country stretches 500 miles from west to east and averages 100 to 150 miles in depth. The landscape varies from the flat Gangetic Plain in the south, a few hundred feet above sea level, to the wild crest of Everest in the north. With an area of 54,000 square miles, Nepal is about the same size as southern Ontario or the three Maritime Provinces together. Population totals about 8.5 million.

Physically, Nepal divides easily into four parts: (1) the High Himalaya, (2) the Pahar (hill country), (3) the valley of Katmandu, and (4) the Terai (a strip of lowland along the Indian border). Only the last two regions hold any commercial significance at present for the outside world.

The heart of Nepal is the 15-mile-wide valley around Katmandu, the capital; indeed, to the Nepalese this tiny area *is* Nepal; the rest is either Pahar or Terai. Historically, the valley was the only tract of open land big enough to support an organized society and a royal hierarchy. Control over the surrounding hills was never effective and even today difficulties of communication restrict government activity largely to the valley. The valley contains about 600,000 inhabitants, of whom perhaps one-quarter live in Katmandu itself, the only real urban centre in the country.

The Terai is a discontinuous strip of cleared land and malarial jungle 10 to 20 miles wide extending along the entire Indo-Nepalese border. This limited area supports two-fifths of the population, most of the commercial agriculture, and virtually all of Nepal's sparse industry. The Terai is linked economically with the neighbouring border region of India and, with one or two exceptions, has little contact with Katmandu.

Resources Are Extensive

Agriculture—About 95 per cent of Nepal's total population makes its living from agriculture. Jute, rice and sugar-cane are grown commercially in the Terai and there has been a slight development of fruit-raising and dairying for the Indian market; most farming, however, is of the purely subsistence variety. Implements are primitive and religious taboos limit the use of animals. Because of the mountainous terrain, only about one-seventh of the land is normally under the plough, despite extraordinarily clever terracing of the hills. Pressure on land has actually led to a big emigration of Nepalese farmers to India and to the small neighbouring principality of Sikkim. Rice, jute and sugar are exported to India, and a modest expansion of fruit-raising and dairying is possible. Nepal's prospects of producing a really significant agricultural surplus for export are, however, remote.

Forestry—Although probably two-thirds of Nepal is forested, the only commercially significant logging at present is the cutting of ties in the Terai for the Indian railway system. No production figures are available but the industry is said to be fairly substantial. Apart from firewood and hand-hewn lumber, the only other use for the timber is in two match factories and one or two small sawmills. Nevertheless, forest products, especially pulp and paper, seem to offer the most promising field for development. Unfortunately, because the only possible customer is India and because Nepal lacks capital, knowhow and basic transportation facilities, no real progress is likely until the more accessible Indian resources have been fully developed.

Mining—This is practically non-existent. There are known deposits of limestone, iron ore, copper, zinc, lead, cobalt, mica and lignite, but whether or not these exist in commercial quantities it is impossible to say, because serious geological investigation has not yet begun.

Waterpower—Hydro-electric power undoubtedly has great potential, though large-scale development waits upon decisions in India. Several large tributaries of the Ganges rise in Nepal and efficient utilization in India depends on construction of control- and head-works on the Nepalese side of the border. Work has already begun on two big multi-purpose river schemes. Export to India of substantial blocks of power is therefore a distinct possibility for the future. In addition, the Nepalese are hoping that huge supplies of power will encourage the establishment of industry, especially the making of nitrogen fertilizers.

Tourist Trade—Nepal has been open to foreign visitors only since 1951 and it still has the lure of the "Forbidden Kingdom". Attractions include magnificent mountain scenery, lakes, wild game, mediaeval towns, ancient but still-used Hindu and Buddhist temples and shrines, a unique style of architecture, a picturesque, friendly people and a quite passable climate. Development of these resources has barely begun. With encouragement, the tourist trade could become Nepal's biggest earner of non-rupee foreign exchange within a few years.

Industry—Industrial operations are limited almost entirely to two towns, Biratnagar and Birgunj, both strategically located in the Terai close to the Indian border. Biratnagar, the bigger centre, has two jute mills, a sugar mill, a match factory and one or two rice mills. Birgunj possesses the other match factory, a cigarette factory and a few small rice mills. There are really no other factories worth mentioning and even these function largely within the Indian economy rather than the Nepalese. Biratnagar, for example, has no road or rail links with the rest of the country.

Most of the management and capital is Indian; Nepal entirely lacks an entrepreneurial class. There is no other private foreign investment and it is hard to see how any can be attracted except for firms already established in India.

Trade Ties with India

As might be expected, almost all of Nepal's foreign trade is carried on with neighbouring India, largely in the form of unrecorded frontier traffic. Unfortunately, no statistics are available on Nepalese trade with India or with other countries. Exports and imports, however, probably each total from Can.$20 to $40 million a year.

From the Terai, Nepal exports railway ties, raw and manufactured jute, rice, and small quantities of other produce. Jute goods are the only significant export to overseas countries. A very small amount goes in bond direct to Indian ports, but most of it is handled by Indian merchants and loses its identity.

Similarly, most of Nepal's imports (chiefly consumer goods for the capital and the Terai) originate in India or, if from overseas, are re-exported by Indian merchants.

This trading pattern stems largely from Nepal's simple economy and its isolation between the Indian subcontinent and the Himalayas. However, another important factor has been the close control exercised by the Indian Government over Nepal's trade, especially imports, with the outside world. Shipments from overseas to Nepal are permitted to pass through India in bond upon payment of the full Indian customs duty (subsequently passed on to the Nepalese Government), but the procedure is extremely complicated. The Indian Government presumably wishes to prevent evasion via Nepal of its own strict import and exchange controls. (Nepal's foreign exchange reserves are held by the Reserve Bank of India—as part of the general Indian reserves before 1959 and in a separate account since.) A corollary of this situation is that Nepal lacks merchants experienced in, or equipped to deal with, international trade.

In recent years, Nepal appears to have had an unfavourable balance on current account with India and overseas countries. The Nepalese rupee has slowly depreciated in terms of the Indian rupee which, incidentally, is also legal tender in Nepal. The exchange rate during the past year averaged 164 Nepalese rupees to 100 Indian.

In contrast, during World War II, when 200,000 Gurkhas were serving with British forces, the Nepalese rupee was consistently at a premium over the Indian. This points up the fact that remittances by Gurkha soldiers recruited by the British and Indian Armies have traditionally been Nepal's most important source of foreign exchange. Even today these remittances and related payments, such as pensions, exceed £500,000 a year from the British Treasury alone.

Development Plan Under Way

As indicated earlier, the most promising fields for development are forests, waterpower, minerals and the tourist trade. Because subsistence farming supports most of the population, improvement of agriculture is not so much a promise as a necessity.

Obstacles to development include Nepal's traditional "closed-door" policy which ended only within the last decade; absence of transportation and communication facilities; an outmoded system of land tenure; appallingly low health standards; lack of modern government machinery; meagre educational facilities; lack of capital, and the almost complete absence of the technical, managerial and entrepreneurial classes.

To tackle these and other problems the Government of Nepal formulated at the end of 1955 a Five Year Development Plan envisaging an expenditure of Rs.33 crores (about Can.$66 million), most of which was to come from foreign aid because its own revenues are too small to meet even current administrative expenses, modest as they are. Government expenditures in recent years have been running at the rate of about Indian Rs.5 crores a year (Can.$10 million) and revenues at about Rs.3½ crores (Can.$7 million).

The plan, with subsequent modifications, has given first priority to development of transportation (chiefly roads) and communication facilities and secondary priority to agriculture, power and health.

Foreign Aid Needed

The major part of this program has been made possible by United States aid, allocations of which totalled U.S.$23.7 million as of June 30, 1960. Projects include roads, a ropeway, bridges, air services, telecommunications, malaria eradication, provision of training facilities in the United States, and financing of an Industrial Development Corporation. India has co-operated in the construction of roads (including a highway linking Katmandu with the Indian border), in irrigation and hydro-electric projects, and in health and education. The United Kingdom and Australia have provided some aid under the Colombo Plan, and Communist China and the Soviet Union have made large commitments (though little actual aid has yet materialized). United Nations agencies have also been active in technical assistance—notably the lending of trained administrators from abroad to work for the Nepalese Government under the OPEK scheme (UN Operational and Executive Personnel Service).

Canada has provided training in seed improvement for a Nepalese student and made a gift in 1958 of 36,544 bushels of wheat, valued at Can.$60,000, to meet a severe temporary food shortage.

Outlook for Trade

For the time being, prospects for the sale of Canadian goods and services are poor. Casual sales in Nepal of consumer goods, industrial supplies and minor items of capital equipment are best left to existing connections in India. The immediate potential does not justify the labour and expense of establishing separate agencies or other sales outlets in Nepal, apart from the fact that it would be extremely difficult to find competent firms with which to deal.

Opportunities for commercial sales of major capital equipment and engineering services are also slight because the foreign exchange resources of the Government, the only buyer of any importance, are limited. The biggest orders come under the aid programs and opportunities are largely, if not entirely, restricted to firms in donor countries. ●

Transportation Notes

Canada

SHIPPING SERVICE FROM JAPAN—The Mitsui Steamship Company Limited has announced the inauguration of a direct service between Hong Kong, Japan and Toronto. Monthly service began with the sailing of the M/S *Mayasan Maru* from Japan early in September; the ship is expected to arrive in Toronto about October 12. The Mitsui Line also announced that it will maintain a monthly service during the winter season to Halifax and Saint John. Agents for the Mitsui Line in Canada are Montreal Shipping Company Limited.

SHIPPING SERVICE FROM JAPAN—Iino Lines have inaugurated two separate regular monthly cargo services between Japan and North America. One will link Japan and the Far East directly with Eastern Canada and the Great Lakes and the other will run from Japan to United States North Atlantic ports. Each service will operate via United States Pacific ports in both directions. The new service will reduce transit time between Japan and the Great Lakes considerably. The Eastern Canadian agent for Iino Lines is Federal Commerce and Navigation Co. Limited, Montreal.

Ecuador

GUAYAQUIL BECOMES NEW PORT—Out of the mangrove swamps and mud ten miles south of Guayaquil, a new port for this tropical city is rising on cement pilings. The Guayaquil Port Authority, made up of a seven-man Board of Directors and employing an experienced American as port manager, is the group responsible for the creation of the new port. The project, which is financed jointly by the Port Authority, the World Bank and the Ecuadorian Government, is well under way and the first stage should be completed in 1961. Engineering is being carried out by a U.S. company.

The first stage will consist of approximately 3,000 feet of berthing facilities (later to be extended to 4,800 feet) which will have a depth of 35 feet and all the necessary service facilities. The docks are being built on reinforced concrete pilings which are backed up by a rock retaining wall and sand dredged from the ship channel. On the new land thus created, three warehouses and other service facilities will be built.

The final stage of construction will be a 14-foot canal and lock between the Rio Guyas and the harbour, so that banana boats and other lighters will have direct access to the port area. Without this canal and lock (the latter is necessary because of the uneven tidal flow in the river and lagoons) boats would have to go many miles down to the mouth of the Guya River and back up the lagoons on which the port is being built.

The work in progress is supplying employment for many hundreds of Ecuadorians and should bring long-term benefits to the city and surrounding country, because last year more than one million tons of exports and 349,000 tons of imports moved through this area. Recent problems involving local labour and interests have now been overcome and by 1962 Canadian newsprint and other products should be going through this modern port to Guayaquil and the interior of Ecuador.

—J. H. BAILEY,
Commercial Secretary, Bogotá.

New Zealand

FREIGHT RATES INCREASED—An increase of 7 per cent in freight rates on cargo shipped to New Zealand from British and Continental ports will come into force on November 1, the New Zealand Conference Lines have announced. This follows an earlier announcement that freight rates for refrigerated cargo from New Zealand were to be raised by 6 per cent from September 1—Wellington.

Portugal

FIRST AIRPORT IN MADEIRAS—The first airport in the Madeiras was recently inaugurated at Porto Santo island; Porto Santo lies about 50 miles northeast of Funchal, the capital of the archipelago. The length of the trip from Lisbon to Porto Santo will be about 3½ hours and the voyage to Funchal by ship about 3 hours. A helicopter service is expected eventually to connect the airport with the capital—Lisbon.

Sweden

HYDROFOIL CRAFT IN SERVICE—A hydrofoil craft, the 95-passenger *Sirena,* built at Messina, Sicily, has begun operating between Stockholm and Mariehamn, Finland. The new vessel has a speed of 42 knots with the added advantages of creating practically no surge, of eliminating seasickness, and of being able to come to a stop within a distance of 60 yards. The *Sirena* is equipped with two 1,350-h.p. diesels which consume only a fraction of the fuel needed by a conventional vessel. The trip between Stockholm and Mariehamn now takes only two hours and 20 minutes compared with the former six hours and 30 minutes.

Another commercial hydrofoil vessel, the *Flying Fish,* capable of carrying 60 passengers at a speed of 40 miles per hour, is to go into operation between Bellingham, Washington, and Victoria, B.C. Trial runs are being conducted at present in the Strait of Juan de Fuca —Stockholm.

Trade Commissioners on Tour

B. C. Butler

H. A. Gilbert

H. S. Hay

The following officers of the Trade Commissioner Service are undertaking tours in Canada. Their itineraries are:

B. C. BUTLER, Minister (Commercial) in London, England:

Fredericton—Sept. 26-27
Saint John—Sept. 28
Halifax—Sept. 29-30

H. A. GILBERT, Trade Commissioner in Bombay, India:

Thetford Mines—Sept. 26
Toronto—Sept. 28-Oct. 4
Sarnia—Oct. 6
Brantford—Oct. 7
Winnipeg—Oct. 11-12
Vancouver—Oct. 13-21

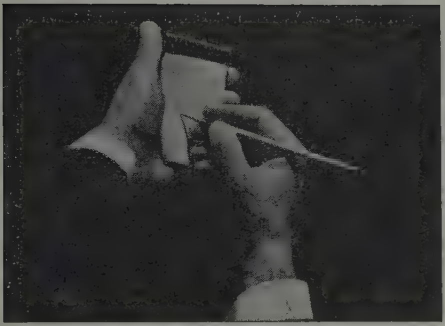
When he completes his tour, Mr. Gilbert will be posted to Melbourne, Australia, as Commercial Counsellor.

H. S. HAY, Assistant Commercial Secretary in Sydney, Australia:

Montreal—Sept. 26-Oct. 4
Ottawa—Oct. 5-6

When he completes his tour, Mr. Hay will be posted to head office in Ottawa.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.



General Notes

Cuba

FACTORIES FROM COMMUNIST BLOC—The Cuban Government has ordered nearly 60 complete factories from suppliers in the Soviet Union and Eastern Europe during the past few months. The value of the factories totals almost $100 million, plus the cost of land and buildings to be furnished by Cuba. Payment will be made about half in money and half in Cuban products, such as sugar, tobacco, nickel oxide, canned fruits and juices, and hides. Delivery will begin later this year.

Purchases were arranged under agreements for trade, barter, credit and technical assistance that Cuba has signed in recent months with the U.S.S.R., East Germany, Poland, Czechoslovakia and Communist China. The Cuban agency directing this major industrialization program is the Industries Section of INRA (National Agrarian Reform Institute)—Havana.

Ireland

THREE NEW HOTELS—A new company, Irish and International Hotels Ltd., Dublin, has been incorporated. It proposes to build first-class hotels at Cork, Limerick and Dublin. Total cost of the three hotels will be about £2 million—Dublin.

Jamaica

HOTELS TO BE BUILT—Plans for three new hotels in Jamaica have been announced. A $5.5 million structure to be known as the Shaw Park Hotel will be built on the north coast. The other two, the 20-room Casa Monte and the 144-room Lord Nelson, which will have all the features of a resort hotel, will be built in Kingston—Kingston.

Liberia

NEW RAILWAY—The Liberian-American-Swedish Minerals Co. has announced the award of a $40 million contract to Raymond International of Liberia to build a 170-mile railway. The railway will run from Nimba, near the Guinea border, to a new harbour being built at Bassa. It will carry nearly 30 million tons of iron ore to the port—Accra.

Pakistan

EXPORTS RISE IN '59—According to recently published trade figures, Pakistan's exports rose both in value and volume in the calendar year 1959 and imports during the same period declined. Exports increased by about Can.$22 million over 1958, and earnings from the export of minor commodities jumped by 166 per cent. Leading customers and suppliers in the dollar and sterling areas were the United States and the United Kingdom—Karachi.

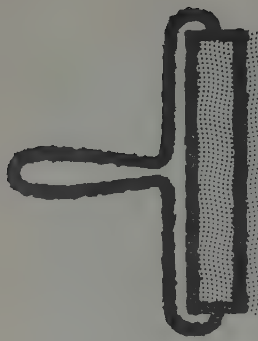
United States

CONSTRUCTION ACTIVITY INCREASES—The Federal Reserve Bank has reported that the value of construction contract awards for 1959 in the Fifth District—which includes Maryland, North Carolina, South Carolina, Virginia, and West Virginia—reached an all-time high, exceeding $2.8 billion or 6 per cent above the previous high set in 1958.

Non-residential building contract awards accounted for a major portion of the increase, but residential construction also rose impressively. The third category, public works and utilities, declined, but gains in the first two were more than enough to offset this. Non-residential contract award values in 1959 were 23 per cent greater than in 1958; residential climbed by 11 per cent; public works and utilities dropped 22 per cent. As the year drew to a close, non-residential construction activity continued to gain strength, residential construction dipped slightly, and public works and utilities were beginning to look more promising—New Orleans.

Venezuela

ASSISTANCE TO INDUSTRY—The Development Corporation of the Venezuelan Government loaned over $30 million last year for industrial development. During the last two years the corporation has granted loans totalling $45 million to 220 firms operating 40 different industries. The textile industry alone got $13.5 million, and sugarcane growers supplying the four mills owned by the corporation received $2.4 million. The corporation has requested an additional $30 million for industrial expansion—Caracas.



Paints and Varnishes

The Market in the Philippines

Philippine paint manufacturers supply much of local demand, but must import raw materials. There are opportunities for Canadians to supply these, plus some specialty paints, though competition is keen.

R. MORANTTE, *Office of the Consul General and Trade Commissioner, Manila.*

THE paint and varnish industry in the Philippines, though relatively young, has grown rapidly and today it is making most types of finishes. There are about 20 paint manufacturers in the country, 17 of which produce mainly house paints for interior and exterior use.

PHILIPPINE IMPORTS OF PAINTS AND VARNISHES

	1958		January-June 1959	
	Kilos	U.S.$	Kilos	U.S.$
Coal tar dyestuffs	639,542	1,538,335	241,970	611,595
Indigo, natural	26,410	37,458	1,097	1,570
Other (including artificial colour lakes)	803,293	969,237	576,572	603,097
Oil and water colours	52,604	31,260	141	134
Artists' and students' colours	6,348	8,954	19,061	19,008
Enamel pigments and opacifiers used in ceramics, enamelling or glass industries	383,013	238,805	278,355	198,947
Nitrocellulose-based lacquers and corresponding thinners	327,742	271,723	149,964	95,380
Ready-mixed paints	403,546	34,410	109,571	49,006
Varnishes	115,330	81,345	73,650	44,497
Water paint	65	45	23,913	5,352
Lead, white, in powder form or packed in oil	154,960	53,022	91,409	29,928
Lead, red, in powder form or packed in oil	628,944	175,305	455,631	117,857
Litharge	270,757	85,137	55,884	16,329
Lithophone	236,162	32,722	140,856	15,129
Zinc pigments, dry or packed in oil	180,185	57,565	23,606	9,272
Other chemical pigments	843,299	446,496	491,070	252,400
Ultramarine blue	260,294	123,049	59,810	25,354
Ochre, iron oxide and other mineral pigments	2,145,747	602,660	1,090,259	276,785
Marine paints	160,030	18,229	19,037	12,374
Other lacquers and thinners	798,860	380,007	129,070	63,105
Baking enamel, including synthetics	3,043	3,101	22,055	11,198
Reflective compounds	17,813	7,953	2,109	684
Pyroxlin undercoats and putties	147,089	60,350	36,837	15,455
Tire paints	11,260	4,234	5,523	2,067
Rust preventive primers	28,565	14,970	3,113	2,766

The leading paint manufacturers are subsidiaries of large American companies, such as Fuller Paints, Sherwin Williams, National Lead Company and General Paint Company. Others, such as de Voe Reynolds and Sinclair Paints, manufacture under licence.

The following paints are made here: baking enamels, automotive enamels and lacquers, hammer tones and wrinkle finish for industrial use, solvent-base house paints, rubber-base house paints, drum or barrel enamels, tin and aluminum tube enamels, varnishes, prime finishes, industrial lacquers and screen-process enamels.

The industry is protected by high tariffs, even on types of finishes not produced locally; import of paints and varnishes of a type made in the Philippines, such as low-priced exterior house paints, is forbidden. Lacquers are allowed entry but are subject to an import duty of 75 per cent ad valorem.

Raw Materials Imported

Although some raw materials are available in the Philippines, a grea many must be imported. Manufacturers are allowed to import under a producer's licence and all raw materials are subject to duty ranging from 10 to 75 per cent ad valorem.

It is estimated that Philippin firms buy about one-third to one-half of their raw materials fro parent companies and they look t other sources, mostly Japanese an

European, for the remainder. Chief raw-material imports are linseed oil, all colour pigments, resins, lacquer chips, lacquer, nitrocelluloses, plasticizers, some extenders, and aluminum paste.

Canadian exporters of raw materials face competition from suppliers in European countries—such as Britain, Germany, the Netherlands and Italy—and in Japan, where costs and freight charges are said to be considerably lower than in Canada. United States exporters are having difficulty competing with these suppliers, in spite of a tariff preference under which dutiable goods from the U.S. are subject to only 50 per cent of the regular import duty applied to goods from all other countries.

Philippine paint manufacturers place orders for raw materials with local agents, who work on an indent basis against irrevocable letter of credit. Agents keep few, if any, consignment stocks because of import controls, high tariffs, etc.

Opportunity for Specialties

Canadian paint exporters interested in the Philippine market should concentrate on specialty products that are not made locally and are allowed entry, though subject to high duty. Such items include marine paints, aircraft primers and finishes, multi-coloured lacquers, acrylic automotive lacquers, lithographic inks and enamels, and screw-cap enamels. Exporters should bear in mind, however, that the market for even specialty items is small and, as the local industry expands, the need to import will become less acute.

Considering that production of the four leading paint manufacturers averages about 30,000-35,000 U.S. gallons a month, it does not seem that the local market can support many more large paint factories. Canadian paint producers therefore may not be successful in establishing branch plants, unless they consider specialty paints not being made in the Philippines.

To sum up, exporters of specialty paints and suppliers of raw materials used in the paint industry have an opportunity to enter the Philippine market, though price competition is keen from Europe and Japan and freight costs from Canada are high. Quotations, if possible, should be in U.S. dollars on a c. and f. Manila basis. Canadian suppliers interested in establishing agency connections with Philippine firms should write to the Canadian Consulate General, P.O. Box 1825, Manila. ●

The Market in Singapore and Malaya

Prospects for selling paints and varnishes in these markets are doubtful because of competition from well established international firms and developing local industry.

M. P. CARSON,
Trade Commissioner, Singapore.

A wide range of world-famous brands of paints and varnishes are on the market today in Singapore and Malaya. Competition is keen and a number of large internationally known producers have factory representatives on the spot to provide technical advice and generally keep an eye on the business. Suppliers in at least a dozen countries sell paints to these two markets.

Prospects for selling paints have proved sufficiently promising in this combined market of about eight million people to attract foreign investment. Introduction of Pioneer Industries legislation in the Federation of Malaya has benefited investors by offering a five-year tax holiday plus tariff and other concessions.

Foreign Firms Attracted

Some years ago the P.A.R. Malayan Paint Works Ltd. set up a modern plant in the western part of Singapore island. In 1957 it branched out to the Federation of Malaya with a plant in the industrial area of Petaling Jaya, the satellite town of the capital, Kuala Lumpur. This company makes general paints, emulsions, distempers, marine paints, sealers, undercoating, primers and varnishes. It is owned by combined Dutch and British capital.

In the latter part of 1959, Federal Paints Factory Ltd. was established with Hong Kong capital in Petaling Jaya. Its production, a reported 100 tons of paint per month, consists of enamel, oil, emulsion, distemper, undercoating, marine and bituminous paints and varnishes. Imperial Chemical Industries Ltd. also opened a paint factory in the Federation last year, and Sissons of Britain has one under construction and expected to come into production at the end of 1960.

Tariffs

Singapore as a free port levies no duties against imported paints and this has been a serious obstacle to the development of a local industry. The Government is now studying whether or not protection is necessary and a report is expected shortly. It has the power to provide tariff protection for local manufacturers if this is felt to be warranted.

The Federation of Malaya has a 20 per cent tariff on paints and Commonwealth products receive no preferential treatment. Until mid-1959 duties at the rate of 20 per cent were charged on all raw materials imported into the Federation for paint production. These were removed, however, to encourage growth of a domestic industry.

Britain Biggest Supplier

The biggest paint imports into Singapore and the Federation of Malaya are "prepared paints and enamels, n.e.s."; in 1959 they totalled Can.$3.5 million, of which the U.K. supplied about 60 per cent. The next largest supplier was Hong Kong 24 per cent, followed by the United States 6 per cent, and Denmark 4 per cent. Imports in 1959 dropped by about Can.$400,000 from 1958. United States sales tumbled by almost 44 per cent and West Germany improved its position tenfold.

The next item by value in paint import statistics last year was "prepared lacquers, colours, driers, n.e.s.". Purchases reached Can. $302,000, down 25 per cent from 1958. Britain was the number one supplier, with about 50 per cent of the market; Hong Kong came second with about 15 per cent and the U.S. supplied about 8 per cent. West Germany came up from nil in 1957 to 9.7 per cent and thus outsold the U.S. Despite a drastic fall-off in imports the U.K. maintained its position, with a net loss of only Can.$10,000 from 1957. United States shipments slumped about 40 per cent from 1957's Can.$38,500.

Some Can.$470,000 worth of "emulsion and dispersion paints" were imported in 1959. Britain obtained about 61 per cent of the business and the U.S. about 36.4 per cent, with small quantities coming from Hong Kong, Australia and the Netherlands.

"Distempers and other water paints, n.e.s." showed a slight increase in 1959 and Can.$242,000 were imported almost exclusively (98 per cent) from Britain. Hong Kong supplied most of the remainder. "Water paints, cement-based" fell off about 25 per cent from 1957 and in 1959 were valued at Can.$234,000. Ninety-five per cent of this came from the U.K. and about 4 per cent from Denmark. Britain also dominated the imported varnish field with 90 per cent of the Can.$144,000 total, and Hong Kong supplied about 6.5 per cent.

It is obvious that the U.K. enjoys the lion's share of the paint market, thanks to field representatives, good advertising and suitable products. Since July 1, 1959, paints from dollar countries have not been subject to import licensing; with the exception of a limited list of products, all dollar goods are on Open General Licence.

Outlook

It is estimated that the Federation of Malaya produced about 30 per cent of its total paint requirements in 1959. In 1958 both countries consumed about the same volume (worth about Can.$2.3 million). In 1959 Singapore's consumption dropped slightly because of a small decline in building, and Malaya's rose to about Can.$2.5 million.

Consumption today is said to be increasing, though more and more of the demand will be met by domestic output. The four Federation producers will play a bigger rôle in future and it will become increasingly difficult for new brands, formerly unknown in the area, to find a place in the market. In addition, local manufacturers are making a wider range of specialty products; one at least is marketing marine paints. Special finishes for agricultural machinery, heavy equipment, appliances, automobiles, etc., are now made here to specifications supplied by equipment manufacturers. Major international oil companies also have arrangements for supplying local manufacturers with specifications.

Prospects for introducing new brands in these two markets are not promising. In recent months the Trade Commissioner's office in Singapore has been trying to establish some well known Canadian paints, with little success. Local importers invariably mention the stiff competition from internationally known companies, as well as the fact that a developing domestic industry will supply more and more of the domestic demand. The big firms have resident technical representatives, good advertising allocations, and the advantage of well established brand-names. All this poses difficult problems for hopeful new entrants to these markets. However, the Trade Commissioner's office in Singapore will be pleased to investigate all inquiries received from Canadian paint exporters.

Decimal Coinage for Australia?

Australia is considering a changeover to the decimal system of currency, according to a report from L. D. Burke, Assistant Commercial Secretary in Sydney. The new currency would be based on a unit equal to 100, with coins of smaller denominations in units of one, five, ten, twenty and perhaps fifty. No name has been suggested for either the basic unit or the smaller coins. The report of a special government committee, which stresses the desirability of adopting the decimal system, is before the authorities and a decision is expected within the next few months.

If it is implemented, the new system would come into effect early in 1963 and the banks would adopt it immediately. For the rest of the economy, there would be a transition period of about two years when both the old and the new currency would be permitted and work could be done on converting business machines. The cost of conversion has been estimated at $65 million. It has been recommended that during the transition imports of sterling-currency machines should be restricted to minimize costs of conversion, and also that imports of decimal machines should be limited to protect companies carrying out conversion. No recommendation has been made about whether the government or private firms should meet the cost of the changeover.

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**Unless otherwise noted, all offices of the Department are in this building. Cable address: COMAGENT, Ottawa. If you are elephoning from out of town, call the government switchboard, CEntral 2-8211, and ask for the local; if you are in Ottawa, ial 9, then the government local.*

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The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.0312601.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 12	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01175	85.06	(1)
Austria	Schilling		.03748	26.68	
Australia	Pound		2.1828	.4581	
Bahamas	Pound		2.7285	.3665	
Belgium and Luxembourg	Franc		.01941	51.52	
Bermuda	Pound		2.7285	.3665	
Bolivia	Boliviano	Free	.00008487	11,782.73	
British Guiana	Dollar		.5684	1.76	
British Honduras	Dollar		.6821	1.47	
Brazil	Cruzeiro	General Category*	.004250	235.30	*Aug. 30 (2)
		Special Category	.001868	535.19	
		Official selling	.05125	19.51	(3)
Burma	Kyat		.2036	4.91	
Ceylon	Rupee		.2046	4.89	
Chile	Escudo	Free	.9218	1.08483	(4)
Colombia	Peso	Certificate	.1447	6.91	
Congo, Republic of	Franc		.01941	51.52	
Costa Rica	Colon	Official	.1727	5.79	
		Controlled free	.1458	6.86	
Cuba	Peso		.9697	1.03125	tax 2%
Czechoslovakia	Koruna		.1347	7.42	
Denmark	Krone		.1410	7.09	
Dominican Republic	Peso		.9697	1.03125	
Ecuador	Sucre	Official	.06465	15.47	
		Free	.05671	17.63	
Egyptian Region, United Arab Rep.	Pound	Official	2.7845	.3571	
		Export account selling	2.3975	.4171	
El Salvador	Colon		.3879	2.58	
Fiji	Pound		2.4581	.4068	
Finland	Markka		.003030	330.03	
France, Monaco, etc.	New Franc		.1979	5.05	(5)
French Territories, Africa, etc.	Franc		.003958	252.65	(6)
French Pacific	Franc		.01088	91.91	(7)
Germany	D Mark		.2325	4.30	
Ghana	Pound		2.7285	.3665	
Greece	Drachma		.03232	30.94	
Guatemala	Quetzal		.9697	1.03125	
Haiti	Gourde		.1939	5.16	
Honduras	Lempira		.4848	2.06	
Hong Kong	Dollar	Free*	.1701	5.88	*Sept. 2
		Official	.1705	5.86	
Iceland	Krona	Official	.02552	39.18	(8)
India	Rupee		.2046	4.89	
Indonesia	Rupiah	Official	.02155	46.41	(8)
Iran	Rial		.01280	78.12	
Iraq	Dinar		2.7151	.3683	

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*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 12	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7285	.3665	
Israel	Pound		.5387	1.86	
Italy	Lira		.001563	639.39	
Japan	Yen		.002694	371.19	
Lebanon	Pound	Free	.3046	3.28	
Mexico	Peso		.07758	12.89	
Netherlands	Florin		.2572	3.89	
Netherlands Antilles	Florin		.5183	1.93	
New Zealand	Pound		2.7285	.3665	
Nicaragua	Cordoba	Effective buying	.1469	6.81	
		Official selling	.1375	7.27	
Norway	Krone		.1362	7.34	
Pakistan	Rupee		.2046	4.89	
Panama	Balboa		.9697	1.03125	
Paraguay	Guarani	Official	.007948	125.82	
Peru	Sol		.03608	27.72	
Philippines	Peso		.4848	2.06	
Portugal & Colonies	Escudo		.03384	29.55	(9)
Singapore and Malaya	Straits Dollar		.3184	3.14	
Spain and Dependencies	Peseta		.01616	61.87	
Sweden	Krona		.1880	5.32	
Switzerland	Franc		.2252	4.44	
Syrian Region, United Arab Rep.	Pound	Free	.2710	3.69	
Thailand	Baht	Free	.04582	21.82	(8)
Turkey	Lira		.1077	9.28	(8)
Union of South Africa	Pound		2.7285	.3665	
United Kingdom	Pound		2.7285	.3665	
United States	Dollar		.969675	1.0312601	
Uruguay	Peso	Free	.08487	11.78	(10)
Venezuela	Bolivar		.2895	3.45	
West Indies Fed.	Dollar		.5684	1.76	(11)
	Pound		2.7285	.3665	(12)
Yugoslavia	Dinar	Official	.003232	309.40	(8)
		Settlement rate	.001534	651.76	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Markets in Brief: CHILE

PERU
Arica
BOLIVIA
Iquique
Chuquicamata
Antofagasta
Pacific
Ocean
La Serena
Valparaiso
San Antonio
Santiago
ARGENTINA
Tulcahuano
Concepción
Puerto Montt
Atlantic
Ocean
Punta Arenas
CHILE

Area: 286,000 square miles.

Population: 7.5 million.

Climate: ranges from tropic heat to Antarctic cold, with seasons the reverse Canada's. In most sections the climate is generally mild, with warm sunny d and cool to cold nights. The extreme south gets rainy, cold and windy weat

Language: Spanish; leading importing and agency firms also correspond in Engl but sales literature should be in Spanish.

Weights and measures: metric system.

Capital: Santiago, altitude 1,706 feet.

Chief ports: Valparaíso, San Antonio, Antofagasta, Iquique, Talcahuano, Pu Arenas, Arica.

Chief importing centres: Santiago (population) 1.9 million; Valparaíso 350,000; C cepción 295,000; Punta Arenas 64,000; Arica 45,000.

Economy: mainly dependent on copper, nitrate and agriculture. Local capital ins cient for industrial expansion and oil exploration.

Total Chilean imports: 1958—U.S.$338,464,000; 1957—U.S.$458,198,000.

Chief imports: 1958 (in per cent)—agricultural, industrial and mining machinery 2 vehicles for transport 7.8; petroleum products 6.7; sugar 4.2; chemical prod 2.8; iron and steel 2.7; raw cotton 2.6; tea 2.5.

Chief suppliers: 1958 (in per cent)—United States 51.4, Germany 11.4, United K dom 6.6, Argentina 4.4, Brazil 3.2, Peru 2.8, Japan 2.8.

Value of imports from Canada: 1958—Can.$4,601,650; 1957—Can.$4,360,987.

Chief imports from Canada: 1958 (in per cent)—wood pulp 22.3, asbestos mi fibres 16.4, mining machinery and parts 8.9, aluminum in primary forms synthetic fibre threads 5.9, drugs and chemicals 3.7, machinery and parts transformers and parts 2.1, electrical apparatus 1.8, electric meters and parts

Total Chilean exports: 1958—U.S.$388,461,000; 1957—U.S.$458,200,000 (f.o.b.

Chief exports: 1958 (in per cent)—copper in bars 55.8, nitrate 11.5, agricult products 5.5, iron ore 5.2, finished steel products 3.0, copper wire 3.0, wines

Chief markets: 1958 (in per cent)—United States 40.4, Germany 16.5, United Ki dom 14.1, Netherlands 6.3, Argentina 4.8, Spain 2.9, Italy 2.7.

Value of Canadian purchases: 1958—Can.$825,379; 1957—Can.$1,621,515.

Chief Canadian purchases: 1958 (in per cent)—fruits and vegetables 59.7, fe manganese 8.1, angle beams 6.7, steel wire, rods 5.4, copper tubing 5.2, nitr of soda 4.9.

Dollar exchange: freely available for all imports, but many commodities are sub to prior deposits. A complete list of the percentages and the periods that depo are withheld can be obtained on application to the International Trade Relati Branch.

Prices: quote only in U.S. dollars. Some importers prefer f.o.b., others c.i.f.

Samples: may be brought in if marked "no commercial value".

Trade agreements: most-favoured-nation agreement with Canada; equal tariff tr ment of imports from all countries.

Import controls, documentation, customs tariffs, marking and labelling: consult International Trade Relations Branch, Department of Trade and Comme

Canadian banks: no Canadian banks have branches in Chile, but Bank of Londo South America Limited, which has branches in Santiago, Valparaíso, Concepc and Punta Arenas, is affiliated with the Bank of London & Montreal Limi

Correspondence: use airmail for all correspondence. Rate, ten cents per half-ou

For detailed information on this market write to:

Latin American Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Secret
Canadian Embassy
Casilla 771
Santiago, Chile.

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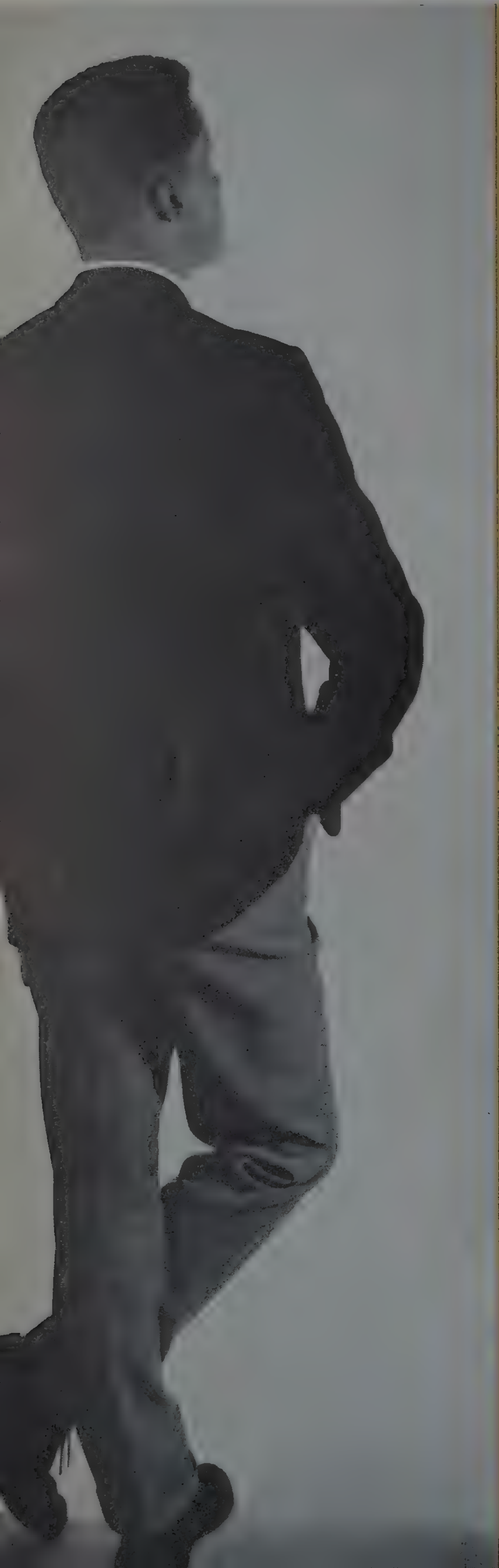

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OCTOBER 8, 1960

foreign trade

NADA

NIGERIA BECOMES A NEW NATION (page eighteen)

Established in 1904

foreign trade

OTTAWA, OCTOBER 8, 1960 Vol. 114, No. 8

CANADA

cover Pyramids of peanuts awaiting shipment to a seaport are common sight in Nigeria's Northern Region. Nigeria, which last week attained full independence, is the world's biggest peanut exporter; in the last decade the crop has more than trebled. For a brief review, in pictures and text, of Nigeria's production and trade, see pages 18 to 21.

2 **Selling to Communist China . . .** *can be rewarding, says the Trade Commissioner, once the initial obstacles are hurdled.*

5 **French Aircraft Stage a Comeback . . .** *production zooms, and demand increases for equipment from foreign ancillary industries.*

7 **South Africa's Wood-Using Industries . . .** *the second of two articles discusses output, expansion, prospects for foreign suppliers.*

14 **New England's Electronics Industry . . .** *may offer outlet for Canadian-made components used in defence electronic products.*

18 **Nigeria Becomes a New Nation . . .** *a picture-story marks the recent coming-of-age of another African country.*

20 **Trade and Commerce Goes to Nigeria . . .** *Trade Commissioner's office in Lagos will be ready for business November 1.*

10 Syria: Drought Cuts Exports
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From our Hong Kong office comes this appraisal of the market in Communist China and suggestions on how Canadian suppliers can approach it. The author paid a visit to the area earlier in the year.

Selling to Communist China

C. M. FORSYTH-SMITH, *Trade Commissioner, Hong Kong.*

CANADIAN trade with Communist China over the past three years has expanded considerably. The full extent of this expansion is not directly reflected in the official trade statistics because a fair volume of exports from Canada are transhipped through third countries, such as Hong Kong. When these shipments are taken into account, it is estimated here that exports increased from about Can.$2 million in 1957 to about $12 million in 1958, decreased to $11 million in 1959 and rose to some $15 million in the first half of 1960. Imports from Communist China have also increased but it is difficult to give precise figures because a large proportion of Communist Chinese exports to Canada are shipped through third countries, notably Hong Kong and European countries.

Prospects for Canadian sales in Communist China for the remainder of 1960 and in 1961 are promising for a limited number of commodities. The country is busily engaged in developing its industrial and agricultural production and imports are confined to products that will contribute to this objective. It is generally believed that some 75 per cent of China's imports over the past few years have come from Soviet Bloc countries but accurate statistics are not available for the current year. Most Western countries have registered substantial increases in sales to Communist China this year. There is little doubt that over-all trade has increased to some extent.

What Will Sell?

Among the products that Canada is currently selling to China and which should offer scope for expansion are:

Pharmaceuticals and chemicals; plastic raw materials; medical equipment; minerals for industrial use; metals, including aluminum, nickel, zinc, steel and magnesium; wood pulp, and scientific instruments. Products that do not yet enter into this trade for which prospects are good include:

Copper in all forms; electrical and other cables; nickel sulphate and nickel oxide; waste rubber; mining and drilling equipment; certain types of construction equipment; equipment for the pulp and paper industry, including paper-makers' felts and wires; forestry and sawmill equipment; agricultural equipment, particularly tractors; rayon tire yarn and fabric; nylon staple fibre; fertilizer, and complete plants of various types.

Trading with Communist China is complex and involves many months or even years of tedious negotiations before sales can be concluded. It can, however, be extremely rewarding to some suppliers. The Canadian companies which have been most successful in recent years are those which have studied conditions and adapted their methods of trading to Communist Chinese practices. This is not an easy matter. The Chinese do not provide detailed information on their production, consumption, imports or exports of any commodity and it is never possible to ascertain with any accuracy their needs at any given moment. This information must be deduced from their past pattern of imports from other countries. Even this process involves a good deal of guesswork because purchasing policies and procedures are subject to change.

Purchasing Methods

All Communist Chinese trade and industry is now in the hands of public organizations and imports are handled by a number of state trading corporations, each specializng in particular types of goods. These corporations neither act as agents for overseas suppliers nor import for stock on their own account. They purchase on behalf of end-users throughout the country and place orders abroad only at the request of these end-users. The end-users are, of course, other government-owned and operated enterprises, factories or production ministries. The corporation officials are well informed on world market conditions, prices and trends, and Canadian companies must therefore be competitive with world suppliers.

In general the trading corporations buy in accordance with an annual import plan. This plan appears to be drawn up during the latter part of the year and early in the new year, and import contracts therefore tend to be rather heavily concentrated during the first half of the year. The import budget is not made public and there is no way of obtaining information on China's plans for future imports. Orders placed during the second half of the year are normally intended to cover spot requirements not included in the annual plan but these orders can be substantial. It is not possible, therefore, to say with any certainty when and what the Communist Chinese will be purchasing. In these circumstances, it is advisable for Canadian companies offering goods to keep in constant contact with the head office and each branch of the appropriate corporation.

Keeping in Touch

Corporation officials like to receive literature and quotations regularly, in some cases as frequently as once a month. Apparently it is not the practice of these officials to refer back to their files for information on overseas suppliers who have previously shown interest in exports to China. In fact, they seem to consider only those companies which keep in regular contact and which have information in the hands of Chinese purchasers at the time they are actually in the market for goods. It is important to send adequate quantities of literature so that the trading corporations can circulate it to end-users in the hope that they will specify Canadian goods, provided quotations are competitive. Thus each time an approach is made, additional quantities of literature should be supplied. There are few avenues of approach to end-users and this means of familiarizing them with goods available seems to be the most practicable and effective. After one or two sales have been made the procedure becomes simpler, because both end-users and trading officials are then familiar with the particular supplier and are more likely to send inquiries in the future. Experience has shown that when a sale to Communist China is finally concluded it is usually a large one and justifies the trouble and expense involved in the lengthy process of negotiation.

Planning a Visit

When the prospects of selling certain products appear exceptionally promising, Canadian exporters might well consider visiting Communist China in order to engage in personal discussions with buyers. A good deal of groundwork is necessary, however, before such a visit. First of all, the prospective visitor should be certain that importers are really interested in the particular commodity and that prices are in line with world competition. Having established these points, the Canadian exporters should suggest in a letter to the trading corporation that he is prepared to visit Communist China if he receives an invitation. If an invitation is forthcoming, the corporation will normally make the necessary arrangements for issuing a visa and it can be assumed that prospects for closing business are good. The corporations will not normally encourage businessmen to come unless they feel there is a reasonably good chance of doing business.

The question of the best time to make a visit then arises. Prospective visitors must necessarily be guided by the advice of the corporation officials but in general, visits should be arranged to coincide with the Chinese Export Commodities Fairs in Canton. These fairs are held twice a year, in the spring and autumn, and although they are export fairs, more and more import business is being concluded at each. Joint delegations from the various branches of the state trading corporations attend these fairs and it is possible for a visitor to meet officials from each branch of each corporation in one spot. This often obviates the necessity of extensive tours of two or three weeks to all the main centres. Another advantage is that it is considerably easier for businessmen to obtain visas to visit Canton during these fairs than to go to Peking, Shanghai and other centres where the branches of the corporations are located. Normally visas for the fair can be obtained in Hong Kong within two or three days, but prospective visitors should if possible make arrangements before departure from Canada to avoid delays. It appears that the Communist Chinese are relying more and more on these fairs to increase their exports and also as a vehicle through which to purchase goods from abroad. The result is that, although the fair is called an Export Commodities Fair, it is in fact a marketplace where two-way trade can be carried on.

On the other hand, there are times when a visit independent of the fairs is appropriate—for example, to follow up particular inquiries arising between fairs. This is true also when the products involved require extensive technical discussion which may not be possible at the fairs because the right officials are not there or are too busy with the large numbers of other visitors. It is seldom possible for visiting businessmen to meet technical personnel among end-users but sometimes this is essential—and naturally these people do not usually go to the fairs. Exporters whose products appear to warrant it should therefore attempt to obtain visas for more extensive stays. The time needed to obtain visas for longer visits varies but is seldom less than six to eight weeks; planning must therefore be started well in advance. In arranging such a trip, adequate time should be allowed because the corporation officials are usually busy and it is often necessary to wait several days for appointments. Rushed trips, so common in Western business circles, seldom pay dividends in Communist China. Patience is not only a virtue but a necessity.

Are Agents Used?

The question of the advisability of selling to China through agents is frequently raised and some clarification on this point is necessary. As mentioned above, the state trading corporations do not themselves act as agents and there are no indigenous private companies through which Canadian exporters can sell because all business is now in the hands of state or joint state-private enterprises. There are still some twenty foreign companies operating in Communist China and of these about a dozen are trading companies. These companies are long established and up to the present have been able to operate as manufacturers' representatives. In recent years, however, the trading corporations have shown an increasing tendency to deal directly with overseas suppliers, with the result that foreign companies have been bypassed. Most of the latter now are in the process of liquidation and it is expected that within a year all will have ceased business. In these circumstances, there is no chance of Canadian companies finding suitable agents in China. It is possible to appoint agents in Hong Kong but here again, Hong Kong agents have been encountering increasing difficulties in selling to the trading corporations. There is no doubt that the Communist Chinese prefer direct dealing with overseas suppliers and this seems to be the most suitable approach.

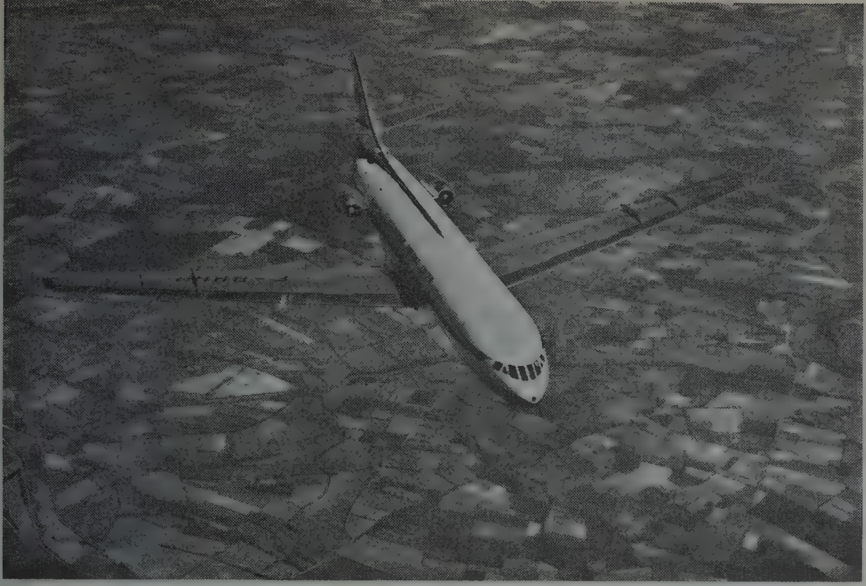
Advice on Promotion

One other point about sales promotion can be made. It is clear that a major problem is obtaining information on Chinese requirements and particularly specific inquiries on which to quote. This problem is further complicated by the different ways in which Chinese get in touch with overseas suppliers for quotations. In some cases, the head offices or individual branches of the corporations may decide to purchase direct from overseas suppliers. In others, they may ask their representatives in Hong Kong, London or Switzerland to obtain supplies for them. In Hong Kong the official agent for most of the trading corporations is the China Resources Company, Bank of China Building, and this organization does a fairly large amount of buying on behalf of its principals. In London the Communist Chinese have a Commercial Counsellor. A number of the state trading corporations have representatives attached to the Chinese Embassy in Switzerland and these officials do a large amount of buying, particularly of metals.

As for two-way trade, there is no doubt that the Chinese remain interested in barter or at least reciprocal dealing. The great bulk of their trade, particularly with other Communist countries, is handled on the basis of barter or trade agreements on a government-to-government basis, involving specific quantities of goods moving in both directions. As for non-Communist countries, there seems to have been a change in attitude and less emphasis is being placed on barter transactions with them. Though exporters who are prepared to purchase Communist Chinese goods are in a much more favourable position, there seem to be no grounds for the common belief that the only prospects for sales are in conjunction with barter arrangements. The principal consideration at the present time seems to be ready availability and a competitive price for needed products.

Index to *Foreign Trade*

The index to Volume 113 of *Foreign Trade,* covering the issues from January 2, 1960, to June 18, 1960, has now been printed. Readers who wish to have copies should write to the Editor.



This twin-engine Caravelle *jet is on service for the Scandinavian Airlines System.*
—Sud-Aviation.

French Aircraft Stage a Comeback

France climbs back into the vanguard of aircraft producers, as production and exports soar.

What can this mean to Canadian suppliers?

C. T. Charland, Assistant Commercial Secretary in Paris, reports.

THE French aircraft industry, almost annihilated during the war and outstripped in the postwar technical race, has staged a vigorous comeback. A pioneer in aeronautical construction, it stands ready today to meet the shifting needs of commercial aviation and to make the transi-ion from manned aircraft to missiles.

The industry employs some 35,000 persons and in 1958 achieved a turnover of more than $475 million. It ranks fourth in world importance—after the United States, the Soviet Union and Britain. Fourteen firms make aircraft in France and nine make aircraft en-ines. Nearly 250 firms produce parts or mechanical equipment for the industry, though only 18 airframe and engine manufacturers have a labour force of more than 40.

During a particularly trying period of adaptation after the war, the aircraft industry lagged behind over-all industrial production in France. Since 1956 growth has quickened and the index of activity for aircraft construction has drawn nearer to the general output level.

Export Orders Pick Up

The unveiling in 1956 of the medium-range jet airliner SA 210 *Caravelle* marked the culmination of five years of intensive research by Sud-Aviation's designers and sparked an export drive that is still gathering momentum. Sales of the *Caravelle, Magister* jet trainer, *Paris* jet liaison plane, the *Alouette* and the *Djinn* helicopters and other aircraft totalled $91 million in 1959, a 15 per cent gain over the preceding year, and accounted for 20 per cent of total production. Air-Fouga, which merged with Etablissements Potez in 1958, spearheaded all French aircraft exports with 600 of its *Magister* trainers.

Hopes for another major surge in exports were realized when NATO selected Breguet's 1150 *Atlantic* as its new naval reconnaissance plane. The *Atlantic* will be manufactured in co-operation with Sud-Aviation, Holland's Fokker and Germany's Dornier. Another Breguet product, the 1050 *Alizé,* a three-seat anti-submarine aircraft, has just been ordered by the Indian Government.

A stream of new orders, licensing agreements and government appropriations are giving new impetus to French aircraft production. As of May 1960, nationalized Sud-Aviation, France's biggest aircraft builder, had booked 82 orders for its *Caravelle* and with another 40 units under option was stepping up tooling schedules, looking toward output of six of these aircraft a month. The same company has sold its *Alouette* helicopter to 17 nations and is now planning to build 700 units. Brisk business is also shaping up for Potez-Air-Fouga, which has received 400 orders for its *Magister*. Construction rights for this craft have been granted to West Germany, Finland and Israel.

Agreement between Companies

Highlighted by Sud-Aviation's link with Douglas aircraft in a reciprocal marketing agreement, French aircraft and engine manufacturers have recently concluded profitable international agreements. Under the Douglas-Sud Aviation accord, the U.S. company will be permitted sales in Britain, Japan, Australia, India, Pakistan and other areas of Asia, Africa and the East, in addition, of course, to North and

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South America. Sud-Aviation will retain sales rights in Continental Europe and French-speaking Africa. Douglas sells the *Caravelle* as a readymade complement to the giant DC-8 and feels it will probably replace the DC-9. Sud-Aviation has also granted rights to Republic Aviation Corp. (U.S.) and Saab (Sweden) for the construction of the *Alouette* and *Djinn* helicopters.

The nationalized engine firm SNECMA (Société Nationale d'Etude et de Construction de Moteurs d'Aviation) has given a 10 per cent interest to the Pratt and Whitney Division of United Aircraft Corporation in return for licence rights to build and sell the J-75 military engine, presumably to power the *Mirage IV* and its JT-4 civil version, the power-plant for the Boeing 707 and the Douglas DC-8. SNECMA already has an accord with Britain's Bristol Aircraft for French production of the *Orpheus* engine.

Government-owned Nord-Aviation has just granted Bell Aircraft Corporation (U.S.) a licence to build its supersonic CT-41 and CT-20 target missiles. A few months ago, the same firm granted a similar licence to Britain's Hawker Aircraft.

Morane-Saulnier has licensed Beechcraft for the U.S. production of its liaison-type craft *Paris* jet and may soon grant similar rights to Brazil. The Argentine Government has already begun manufacturing the *Paris* in a first series of 50 units. The demand for this aircraft, equipped with two Turbomeca *Marbore II* jet engines, is so steady that to date 120 have been ordered, with 22 more under option.

Other French firms that have made international agreements include: Hispano Suiza, with Cleveland Pneumatic Industry (U.S.), Martin Baker and Dunlop Aviation (Britain), and Hurel Dubois, which participates in the construction of the *Caravelle* with Fairey Aviation of Britain.

French airframe and engine manufacturers look to the Common Market as a great boon to their export plans and have prepared for it by concluding a wide variety of production and licensing agreements.

Nord-Aviation has signed an agreement with three West German aircraft makers, headed by Weser Flugzaugbau, for the joint study and construction of the *Transall*, a twin turboprop military transport derived from the French craft *Noratlas*. Rolls-Royce of Britain will contribute about 30 per cent of the value of the new aircraft through the supply of Rolls-Royce *Tyne* engines. Another significant agreement has been concluded between Morane-Saulnier and Fiat of Italy for construction of the *Paris* jet in Italy.

Research Forges Ahead

In the research field, the C-450 *Coleopter* vertical takeoff model moved into the testing stage early in 1959, and French experimental models such as the *Trident* (Sud-Aviation), *Taon* (Breguet) and *Griffon* (Nord-Aviation) established a number of new speed and altitude records.

The creation was announced late in 1959 of a new government agency, the Société pour l'Etude et la Réalisation d'Engins Balistiques, SEREB, charged with the development of an intermediate research ballistic missile. By government decree, ONERA (the state-owned aeronautical research agency), SNECMA, Sud-Aviation and Nord-Aviation were required to transfer capital to the new agency. SEREB is to play a co-ordinating role and will be staffed by a restricted number of highly qualified specialists drawn from both private and nationalized companies. The agency is not expected to invest money in production itself, but will study the weapons system, propose an investment program, and serve as an intermediary between the Government and industry.

The French Air Force Ministry has ordered the prototype of the Breguet short takeoff cargo plane BR/941, which has a total takeoff weight of 20 tons and a maximum payload of six tons. Cruising at 24 miles per hour, the plane will be able to cover 932 miles with a four-ton load. The Ministry of Public Works has commissioned Ma Holste to start laying out plans fo construction of its *Super Broussard*

Sud-Aviation and Dassault, manufacturer of the supersonic *Mirag* bombers, have recently announce construction of a medium-rang supersonic airliner capable of flyin at about 1,200 miles per hour, flying between Paris and London i ten minutes and Paris and Mosco in one hour. The airliner would b called the *Super Caravelle Sud Dassault*, and four years are likely t elapse before the first prototype i in the air.

Foreign Supplies Needed

With heavy commitments a home and abroad, the French ai craft industry is relying increasingl on foreign ancillary industries fo the supply of raw materials, pre fabricated components, systems an specialized services. In 1959 Franc imported $12.5 million worth aircraft parts and equipment an was Canada's third best market fo these, with purchases totallin $833,000. Significant opportuniti should arise for Canadian exporte from a prosperous aircraft industr in France as the demand grows fo raw products such as aluminu copper, nickel and titanium.

Despite satisfactory current pr duction programs, there is some u certainty and anxiety in the indu try. French aircraft builders a suffering—like their rivals in t United Kingdom, the United Stat and Canada—from the problems the jet age in commercial aviati and the disappearance of t manned aircraft for defence. Ho ever, with orders on the books over 1,500 aircraft and w overseas markets developing swift the short-term outlook is inde bright. ●

the pulp plants of the South African Pulp and Paper Industries Limited, ross the wood yard. Today, South African mills consume about 22 million et of pulpwood every year, and manufacture some 150,000 tons of paper.

South Africa's
Vood-Using Industries

v much pulpwood, pulp and various types of paper does the ion produce and import? What are the chief uses for domestic imported lumber? This analysis and glimpse into the future ld interest a number of Canadian producers.

L. J. TAYLOR, *Assistant Trade Commissioner, Johannesburg.*

SOUTH AFRICA'S pulp and paper industry is developing rapidly and supplying an increasing proportion of the country's needs. Growing consumption, however, indicates that there will be a market for imports for some years to come.

In 1946 the Union supplied 10 per cent of its paper pulp requirements and imported 90 per cent. Today these proportions are reversed. In 1958, it produced 100,000 tons of paper pulp and imported just under 10,000. Of the 22 million cubic feet of logs cut, 10 per cent were used to produce 32,000 tons of bleached sulphate, 51,000 of unbleached sulphate and 65,000 of bleached cellulose pulp. An additional 20,000 tons of pulp were produced from a combination of bagasse and waste, using a soda semi-chemical process. All the mills producing this pulp (except the rayon pulp mill) are fully integrated paper mills. The sulphate pulp is made chiefly of pine, with small quantities of eucalyptus; the latter is used for cellulose pulp. Another 90,000 tons of defibrated or exploded pulp for the hardboard industry was produced from 4 million cubic feet of wattle, 2.4 million of eucalyptus and 1.6 million of pine. No sulphite or soda pulp and negligible amounts only of groundwood pulp are produced in the Union. But South Africa will always need to import the longer-fibred pulp necessary to produce high-grade papers.

Wood Pulp

South Africa exports none of its paper and hardboard pulp and in 1958 imported 10,000 tons to supplement domestic production. (See Table I). Most of this imported pulp goes to the half-dozen paper manufacturers who have no pulping facilities, supplementing the waste paper that is their main raw material. All the bleached cellulose pulp is produced in the $20 million South African Industrial Cellulose Corporation mill. Its total production is exported as South Africa has no rayon spinning mills at present. The main markets in 1958 were the United Kingdom (42,000 tons), Italy (17,000), and the United States (3,000). There has been some talk of erecting a rayon staple fibre mill to produce 25 million pounds a year, but nothing definite has yet been announced.

The thinning of the maturing pine plantations in the coming decade (see article in the September 24 issue of *Foreign Trade*) will bring a flood of logs most suitable for pulpwood onto the South African market. There could be as much as 40 million cubic feet of pine pulpwood available in 1965 and 55 million in 1970. Compared with the present usage of 12 million cubic feet of pine, this represents a staggering increase. If export markets could be found, one expert feels that three more pulp mills could be built within the next five or ten years.

The very low preferential rail rates on pulpwood allow the pulp mills to be built where adequate water is available and near their market area or on the coast near seaports, instead of near the forests. It also means larger and more economical units can be set up.

TABLE I

WOOD PULP IMPORTS

	1957		1958	
	Cwt.	U.S.$	Cwt.	U.S.$
Sweden	95,470	556,475	96,533	504,000
Norway	41,403	277,200	59,482	389,200
United States	42,962		15,839	72,800
Canada			8,109	37,250
Finland	2,002	7,588	2,238	5,415
New Zealand			1,997	7,100
Germany	337	3,675	699	7,215
Total for all countries	182,175	844,938	184,897	1,022,980

TABLE II

MAJOR PAPER IMPORTS 1958

Exporting Country	Newsprint	Printing	Kraft (in tons)	Specialty Wrapping	Tissue
Canada	50,000	2,460	3,550	70	850
United States		1,860	13,670	1,675	2,580
United Kingdom	20,000	4,370	490	620	770
Norway	5,500	4,650	990	2,620	885
Sweden	1,400	5,460	21,480	3,225	1,620
Finland	2,250	2,625	10,790	720	475
Others		2,690	1,190	1,120	1,925
Total	79,150	24,115	52,160	10,050	9,045
Other papers	5,000				
Cardboard	25,000				
*Grand total of major imports	204,520				

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*Does not include paperware and products or board of all types except cardboard.

Newsprint and Paper

In 1935 the Union produced 5,000 tons of paper, and in 1946, 18,000. Today annual production runs to 150,000 tons, as much as the total consumption in 1935. Usage today totals over 350,000 tons and imports still have the larger portion of the market, as Table II shows.

By 1961 the only major types of paper not made in South Africa will be sack, light and explosive kraft, and certain fine-paper specialties like coated label and grease-proof lines. (See Table III). South Africa will always need to import the specialty items, but native pine is suitable for kraft papers of all types and, to a lesser degree, for newsprint and printing paper. As pulpwood becomes available in sufficient quantities, the Union is technically capable of being 90 per cent self-sufficient in paper, with a surplus for export. The next few years may bring remarkable changes in the domestic paper industry. Much will depend on which product has the best export opportunities—pulpwood, pulp, or paper—and whether the Union's per capita paper consumption, at present low compared with other advanced countries, increases in the near future.

South Africa is currently not producing newsprint but one of the present mills is installing a 100-tons-a-day machine and groundwood pulping facilities near Johannesburg and will begin to produce at an annual rate of 22,000 to 25,000 tons next year. The 185-inch trim machine will also be capable of producing mechanical paper from groundwood pulp at an estimated cost of $7 million. Pulpwood supplies will be drawn mainly from private plantation 200 miles away About 3 million cubic feet of pinu patula will be used annually fo pulping. If the project is successfu the hope is to double the 35-thou sand-ton capacity and capture ha of the 60 per cent of the Unio market (50,000 tons in 1958 which lies in the Witwatersrand ar surrounding area, far removed fro the coast and thus protected to som extent by the rail freight charges o imported newsprint. This cheap newsprint is expected to encoura a much expanded market. The ma ket for newsprint is growing by to 7½ per cent a year and althoug imports might decline at first, th will pick up later and approach the present level of 80,000 tons a yea Canada's sales will probably not affected by the beginning of produ tion in the Union.

TABLE III

PAPER PRODUCTION AND CONSUMPTION IN SOUTH AFRICA

1959 - 1960

	Estimated national consumption	Present production	Expansion at present under construction by existing companies	Planned future expansion	Balance
			(in tons per year)		
Newsprint and magazine papers	80,000		40,000	30,000*	10,000
Cardboards	55,000	49,000	10,000		†
Bleached writing, printing and printers' boards	47,000	37,000	8,000		2,000
Linerboard (corrugating industry)**	45,000	45,000			
Sack kraft (cement, fertilizers, etc.)	30,000		5,000	25,000	
Fluting (corrugating industry)**	24,000	24,000			
Tissues (fruit wrap, toilet, etc.)	12,000	5,000	5,000		2,000
Wrapping	13,000	13,000			
Bag kraft (groceries, etc.)	11,000	11,000			
Coated printing	8,000		4,000	4,000	
Industrial krafts	7,000	4,000			3,000
Greaseproofs	4,000				4,000
Glassine	2,000				2,000
Krafts for explosive cartridges	5,000		5,000		
Envelope papers	5,000	3,000	2,000		
Total	348,000	191,000	79,000	59,000	23,000

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*The initial production of 40,000 tons can be increased to 70,000 tons as market conditions warrant.

**For linerboard and fluting, productive capacity is already in excess of national demand.

†Increased consumption will probably eliminate the apparent over-capacity for cardboard production.

Apart from the ten mills producing both paper and paper products, almost all the paper converters rely on imported paper. Imports in 1958 included 80,000 tons of newsprint, 65,000 of kraft and wrapping paper, 25,000 of printing papers, 22,000 of cardboard and pulpboard, 14,000 tons of fine paper, and about 5,000 tons of miscellaneous specialty papers. The other 14,000 tons of imports consist of miscellaneous paper and paper products. The latest domestic production statistics are given in Table III. Most of this capacity has been installed in the last ten years.

The board industry relies on export markets. The United Kingdom, its main potential market, has proved difficult to crack. Scandinavian competition in price and quality has been severe and the establishment of the European Free Trade Association threatens the preferences that the Union now enjoys. But as technical difficulties are ironed out, South Africa's two hardboard factories should be more competitive, aided by the low cost of raw materials and low wage rates.

Lumber Industry

Apart from the pulp and paper industry, the other wood-using industries in South Africa now consume 100 million cubic feet of domestic roundwood a year and import an equivalent amount. The mines are by far the biggest users of South African wood. Their importance in the future depends chiefly on the rate of development of the new mines in the Orange Free State and far west Rand. Eucalyptus and wattle are the main timbers used for mine supports. Poles are the other major unsawn timber product, accounting for 10 per cent of the Union's production. The discovery of suitable impregnation methods is leading to the more extensive use of eucalyptus and wattle poles. They are still cheaper than steel or concrete and the rapid expansion of electrification in the Union is stimulating demand. Sleepers made from South African eucalyptus are also gaining increasing acceptance because of superior impregnation methods. Previously all sleepers were imported from neighbouring African territories which have more durable indigenous woods and which still supply one-half of the Union's requirements. The South African Railways buy 65 per cent of the sleepers, the gold mines the remainder. In the future, concrete sleepers with a life expectancy of 60 years will become the chief type used.

The other major user of hardwoods is the furniture industry. It obtains 90 per cent of its wood from abroad, mainly from Brazil, Mozambique, West Africa, Southern Rhodesia and Asia. Efforts are being made to encourage greater use of the local eucalyptus and imports can be expected to decline. The furniture industry is also turning more and more to other materials, such as metal, plastic and veneered core-stock. Most of the two million cubic feet of flooring used in South Africa is imported from Scandinavia, Central Africa, Japan and the United States.

The wooden box industry is at present the biggest user of softwoods but structural usage will expand more quickly and some time in the future should overtake it. Wooden boxes for industrial use have lost ground to cardboard, which is lighter, cheaper, accepts printing better, and is easier to handle. Only in beverage cases does wood now hold any substantial part of this market. For agricultural produce, wooden boxes are still used almost exclusively, especially for the export of fruit. The box industry's future prospects depend largely on the growth of these exports.

The future for South African pine as a structural timber is important to the British Columbia lumber industry. If lumber does not become more popular as a residential building material, increasing South African production can be expected to keep pace with normal market growth, leaving imports at their current level but reducing their share of the market. After 15 to 20 years, mature domestic pine will probably cut imports as large logs become available in sufficient quantities. But lumber also has stiff competition from substitute materials such as steel window and door frames and various types of board for ceilings and partitions. One can only hazard a rough guess about the future. Much depends on how the millions of cubic feet of pine that will become available in the future is used.

Development in Swaziland

In the High Commission Territory of Swaziland, a 100-thousand-ton pulp mill is scheduled to get into production in the latter part of 1961. It will produce unbleached sulphate pulp and will export the entire output. About one-half will go to the United Kingdom where it will be bleached and the rest will be exported direct to other world markets. The mill will cost $25 million and is a joint venture of the Colonial Development Corporation (CDC) of the United Kingdom Government and Courtaulds Limited. Pulpwood will be drawn from 100,000 acres of forest planted by the CDC. Swaziland has over 200,000 acres of coniferous forests and adjoins the eastern Transvaal, South Africa's major forest area, which has 60 per cent of South Africa's pine plantations. ●

SYRIA: drought cuts exports

Poor crops of cereals, important Syrian export, have increased trade deficit. Fall in exchange reserves has compelled import restrictions but Canadian exports have not suffered.

W. B. WALTON, *Assistant Commercial Secretary, Beirut.*

THE Syrian economy is suffering from the effects of poor crops for three successive years. The latest official estimates put the 1960 wheat crop at 350,000 tons and barley at 150,000—considerably less than half the amounts produced in a normal crop year. Lack of pasture may force the Syrian authorities to import large amounts of hay to feed to sheep and goats.

Prospects for cotton, grown on irrigated land, are much better and production in the current season is expected to reach 98,500 tons. Most of this will be exported but a drop in the export price of cotton has decreased revenue from this source.

Cereal exports normally constitute a major item in the Syrian balance of trade and this year's drought means a probable loss in income of $150 to $250 million. Apart from foreign exchange earned through exports, the trade deficit is partly covered by oil transit royalties from the Iraq Petroleum Company and the Trans-Arabian Pipe Line Company, revenues from the tourist and transit trade, and remittances from Syrians abroad.

Gold reserves fell from $24 million in 1958 to $19 million at the end of 1959. Foreign exchange holdings decreased from $33 million in 1956 to $14 million in November 1959. Syria therefore concluded a stand-by agreement with the International Monetary Fund authorizing her to withdraw $7.5 million during a six-month period to meet her foreign exchange needs.

Because of smaller cereal exports and consequent lack of foreign exchange, the import of automobiles and automobile chassis, motorcycles, washing machines, refrigerators and stoves has been prohibited. This ban will be reviewed in 1961, when the results of the next grain harvest are known.

Another measure aimed at discouraging imports is the obligatory cash deposit with a private bank of 40 per cent of the value of import orders at the time of applying for an import licence. (For raw materials and other essential goods the deposit is cut to 15 per cent.) The import licence is not issued until the deposit has been transferred to the Central Bank. These regulations mean that imports can no longer be purchased or sold to the consumer on credit. The value of orders abroad is restricted by the cash reserves of the individual importer which are blocked until final delivery of the merchandise. Impor activity in general has decreased anc importers are not optimistic abou short-term prospects.

A further measure designed t conserve foreign exchange and con trol banking activities is the rulin that government and public ad ministrations can no longer mak deposits with commercial banks an derive interest from them. All de posits must now be made with th Central Bank, without interest. Th

Bank's restrictions on the purchase of foreign exchange have brought a rise in the free-market dollar and increased the price of imports.

The United Arab Republic Government is making an effort to encourage the building of industries in the Syrian Province as well as in Egypt. The Second Five-Year Plan, to cost an expected S£208.5 million, came into effect on July 1, 1960. It emphasizes the development of the petroleum, metallurgical and manufacturing industries and the training of workers to supply these with manpower.

Other projects originally included in the first five-year plan are to be carried out; they include an oil refinery at Kamishlie, a pulp and kraft paper plant, a fertilizer plant and petroleum storage tanks. The construction of the railway line linking Lattakia on the Mediterranean to Kamishlie in northeastern Syria is now under way; cost will total about S£400 million. It will permit the cheap transport of over one million tons of goods a year, including cereals and other agricultural products from the inland grain areas to the Mediterranean and imports from the port of Lattakia into the heart of the country.

The Syrian authorities also hope to have in operation within three to five years a completely modern airport about ten miles southeast of Damascus. Construction of this airport is to be put up for international tender in 1961.

Last year Syria's exports dropped sharply to S£356.2 million from S£640 million in 1958. The smaller grain harvest and the fall in the world prices of agricultural products were the chief causes of the decline. Imports too fell last year—to S£636.7 million from S£729.6 million, following the restrictions on the import of luxury goods and of other goods produced locally. The trade deficit decreased from S£309.6 million in 1958 to S£280.5 million in 1959. Exports during the first quarter of this year reached S£111.4 million and imports S£211.3 million, compared with S£86.3 million and S£156.4 million in the first quarter of 1959.

Canadian exports to the Syrian Region rose from Can.$766,792 in 1958 to $1,073,528 in 1959, with barley accounting for just under two-thirds of the total. Other commodities shipped included steel plates, sheets and strips; woollen outer garments, wool rags and waste; medicinal preparations; Douglas fir lumber, and tires. In the first six months of this year, our sales reached $293,000 compared with $181,000 in the first half of 1959, when no barley was sold.

Imports into Canada from Syria in 1959 reached Can.$188,790, compared with Can.$200,422 in 1958. In the first quarter of 1960 they totalled Can.$3,670 (1959, Can.$3,929) and consisted almost entirely of tobacco.

Prospects for sales of Canadian manufactured goods in Syria are not encouraging, in view of current import restrictions and the gradual industrialization taking place. However, there is a market for building materials, newsprint, kraft and other paper, milk powder, nylon and rayon yarns. The Syrian market is extremely price-conscious and the Canadian exporter should bear in mind that it is difficult to compete with the prices quoted by European and Asiatic countries. ●

Peru's Industries Import Raw Materials

PERU'S industrial development has increased the demand for raw materials and, though factories tend to use local supplies whenever possible, many have to be imported.

Industrial production increased from $37 million in 1942 to $436.5 million in 1959, with the most significant development taking place since 1950. From 1950 to 1957, it rose by 4.7 per cent on the average and, following a 0.8 per cent decrease in 1958, increased again in 1959 by 4 per cent over the previous year.

Peruvian industry comprises some 4,500 firms, representing a capital investment of over $218 million. The most important products turned out are textiles, flour, petroleum byproducts, beer, cement, footwear, alimentary pastes, rubber tires, processed milk, paper, cottonseed oils (refined, deodorized, raw and vegetable lard), beverages (alcoholic and non-alcoholic), metal containers and soaps.

Peru is steadily diversifying her range of manufactured products. Recent examples are:

—a wire plant, initially producing 250 tons per month

—a plant producing electric subterranean cables

—an electrode plant, producing electrodes and soldering materials

—a plant making alloys of brass, white anti-friction metal and printers' metal

—a new $13 million synthetic fertilizer plant that will produce annually 1,500 tons of nitric acid, 25,000 tons of ammonium nitrate, 18,000 tons of ammonium sulphate, 1,000 tons of ammonium anhydride, and hydrogen.

During the period January-April 1960, approximately 25 new enterprises were registered to make such things as nylon yarns, liquors, pharmaceuticals, wire, textiles, machines and tools, plastics, zippers, tiles, car bodies, canned foodstuffs, bicycles, radios, basic paper products, industrial gases, metal goods, aluminum heels for footwear, tire vulcanizers, and steel furniture. The capital investment in these new companies exceeds $2.5 million.

The use of local raw materials whenever possible is particularly evident in the manufacture of textiles, leather footwear and edible oils. However, Peru must import chemicals and other raw materials for her tanneries, pharmaceutical laboratories, textile, paint, wine and mining industries. Canadian exporters should explore the market possibilities for these products, keeping in mind that price and credit are important factors.

—J. S. BRUCE, *Office of the Acting Commercial Secretary, Peru.*

Commodity Notes

Aircraft

BRAZIL—Delivery of ten aircraft entirely manufactured in Brazil was made recently to the Brazilian Aeronautical School by the Fabrica de Avioes de Galeao (Galeao Aircraft Plant), formerly "Fokker do Brasil". These three passenger planes will be used for training Brazilian Air Force pilots. The aircraft is a revised model of the Fokker S-2 and has a maximum speed of 300 kilometres per hour and a cruising speed of 130. The cost of each plane is reported to be approximately Cr.$6 million—Rio de Janeiro.

Aluminum

JAMAICA—The Aluminum Company of America, the fourth company to enter this island to mine bauxite, will soon embark upon a U.S.$15 million program for building a plant, port and harbour. Construction is expected to take from 2 to 2½ years. Bauxite exports account for 8.4 per cent of Jamaica's gross national product and Alcoa's arrival will increase production by a million tons a year. The aluminum companies represented here are Alumina Jamaica Ltd., a subsidiary of the Aluminum Company of Canada, and the two locally registered companies of the Kaiser and Reynolds organizations in the U.S.—Kingston.

SPAIN—Spain's aluminum production in 1959 reached 22,642 tons, an increase of 6,494 tons over 1958. (In 1935 output was only 1,000 tons.) The new ENDASA plant at Avilés, a government-controlled company, is largely responsible for this increase. When the two new plants at La Coruña and Vigo begin operations, Spain's annual capacity will total 60,000 tons. During 1959 aluminum ingot worth some 30 million pesetas was exported—Madrid.

Batteries

CEYLON—A new company, the Battery Corporation of Ceylon Ltd., will manufacture automobile batteries in Ceylon. Machinery for this project has been ordered from Germany and the factory is expected to go into production during the early part of 1961. During the first year 10,000 batteries will be made with a final target of 40,000 a year, the island's annual demand. At the moment 85 per cent of Ceylon's batteries are imported and the other 15 per cent made locally. There are over 120,000 automobiles registered in Ceylon—Colombo.

Calcium Carbide

INDIA—Industrial Chemicals Limited has commenced production of calcium carbide in its new plant in south India with an annual capacity of 10,000 long tons. This is the third and by far the largest calcium carbide plant to be established in India. The two existing units have a combined annual capacity of only 4,125 metric tons. Because India's imports of calcium carbide in 1959 totalled approximately 8,500 metric tons, the Industrial Chemicals plant should make her self-sufficient—New Delhi.

Dairy Herds

VENEZUELA—The Minister of Agriculture has announced that 40 million bolivars, which represents almost half of the funds expected for the program of expanding livestock production, will be used to finance the development of dairy herds—Caracas.

Insulated Cable

INDIA—A plant to make rubber-insulated and thermoplastic wires and cables will be set up in the State of Gujerat. It will cost Can.$1.4 million and a British firm, Johnson and Phillips Ltd., is expected to collaborate in the venture—Bombay.

Mine-Shaft Boring Machine

AUSTRIA—The Oesterreichische Alpine Montangesellschaft has started production of a mine-shaft boring machine based on the Wohlmeyer process and intended principally for mining and tunnel construction. This is said to be the first fully automatic one-man machine that can hollow out rock faces efficiently without dynamite. Using dynamite, a seven-metre advance can normally be made in 24 hours; it is claimed that with the new machine, a five-metre advance is possible in one hour. Uninterrupted work at no reduction of speed under varied rock conditions is feasible with remote-control instruments installed in the machine—Vienna.

Motor Vehicles

CEYLON—According to the Commissioner of Motor Traffic, registered motor vehicles in Ceylon at the end of 1959 totalled 123,447 compared with 112,216 in 1958, an increase of 11,231. Because the rate of duty is higher on larger cars, most of Ceylon's automobile imports consist of smaller models from Britain and the Continent—Colombo.

Paper

VENEZUELA—The Export-Import Bank has granted a credit of $1.5 million to C.A. Venezolana de Pulpa y Papel (Venepal) to finance the construction of a pulp and paper plant in Caracas. The "Venepal" plant uses sugar cane bagasse for its pulp and produces paper for sacks, linerboard, and corrugated paper—Caracas.

Paper Bags

UNITED STATES—Louisiana stands second in national production of paper bags. Output in 1958 totalled $77.5 million, exceeded only by New York's $104.7 million. Value of the shipments included not only the bags themselves, but also secondary products considered primary in other industries, plus receipts for contract work, resale of products, etc.—New Orleans.

Paper Mill

GUATEMALA—Central America's first paper mill, the $2.5 million plant set up by Industria Papelera Centroamericana S.A. at Los Cerritos, Escuintla—60 miles south of Guatemala City—has recently concluded test runs and has gone into production. Financed by Guatemalan and U.S. capital, it has a Foudrinier machine (110″ trim, 1,000 ft. per minute maximum speed) and a daily capacity of from 40 to 50 short tons for kraft, bond and tissue papers in all sizes and grades. At present 25 per cent of the raw materials used are produced locally. By December, when sugar cane bagasse will also be used, 50 per cent of all raw materials will be Guatemalan. When kenaf becomes available within the next three or four years, local raw materials will be used exclusively—Guatemala City.

Petrochemicals

UNITED STATES—The Middle South, which includes Arkansas, Louisiana and Mississippi, is included among areas being considered for location of a $50 million complex of petrochemical plants. Monochem, Inc., a new company formed by U.S. Rubber Company and the Borden Company, initially will convert hydrocarbons in natural gas into chemicals for plastics. Several sites along the Mississippi River have been optioned—New Orleans.

Photographic Supplies

PORTUGAL—Authorization has been granted to set up the company Turaphot Portuguesa Lda. It will produce films for photography, radiography, and cinema use and special types of paper used in photography, photo-technical processing, and X-ray—Lisbon.

Pulp and Paper

SWEDEN—Plans for ASSI's (AB Statens Skogsindustrier) new sulphate and paper mills at Lövholmens Bruk, Piteå, are nearing completion, and building will begin shortly. Kraft paper for the packaging industry will be the main product and plant capacity will total about 100,000 tons a year.

Bäckhammars Bruk AB, Björneborg, manufacturers of sulphate pulp and kraft paper, are to invest $6 million over the next two years. A new paper machine is scheduled to go into operation early in 1962 and the sulphate mill is to be extended—Stockholm.

Steel

UNITED STATES—Florida became the leading state along the Atlantic Coast in the import of steel-mill products in May 1960, according to the American Iron and Steel Institute, with imports that totalled 23,159 tons. New York trailed with 22,601. Texas was the biggest importer of steel with 47,938 tons, and New Orleans brought in 22,574—New Orleans.

Steel Tubes

INDIA—The Government of India has licensed an Indian firm to start manufacturing steel tubes. The factory, which will be located near Nagpur in the State of Maharashtra, will have a capacity of about 50,000 tons a year and will cost about Can.$2 million—Bombay.

Telephone Equipment

BRAZIL—By the end of 1962, 85 per cent of the telephone equipment used in this country will be domestically produced. The changeover will be gradual, in line with the program established by the Council of SUMOC (Superintendency of Currency and Credit of the Bank of Brazil)—i.e., 30 per cent of products of national origin in 1960, 50 per cent in 1961 and 85 per cent by the end of 1962.

Standard Electric and Ericsson and Siemens, the local manufacturers of telephone equipment, have undertaken to produce units for 65,000 lines in 1960, 80,000 in 1961 and by 1962 have an annual capacity for 95,000 lines—Rio de Janeiro.

Timber

NEW ZEALAND—The Timber Export Duty Revocation Order, 1960, removes the duty payable on certain classes of white pine and kauri when exported from New Zealand; no type of timber now pays any export duty. However, all timber is still subject to the Export Prohibition Regulation, 1953, and the exporter must obtain an export permit—Wellington.

Tires

BRAZIL—During the first three months of 1960, 1,440,080 pneumatic tires were made in Brazil, using 8,800 tons of natural rubber. There were over 408,000 automobile and over 342,000 truck and bus tires produced. The remainder consisted of tires for bicycles, tractors and aircraft—São Paulo.

FRANCE—Société Africaine Michelin will build a 6,000-ton-a-year tire plant at Hussein-Dey, Algeria. The project will cost about $6 million. Most of the output will go to Algeria, with certain amounts slated for Morocco and Tunisia—Paris.

Whalemeat

BRAZIL—The Sociedade de Pesca Taiyo Ltda, a subsidiary of the Taiyo Fishery Co. Ltd. of Kobe, Japan, has established a whaling station in Cabo Frio, State of Rio de Janeiro. In its initial stages the company is employing mostly Japanese technicians and equipment. Operations began in July and whalemeat is now on the market—Rio de Janeiro.

Exporters to Meet

TRADE "clinics" covering various trading areas of the world will be one of the features of the Canadian Exporters' Association annual convention, to be held at the Seigniory Club, Montebello, Quebec, on October 17 and 18. Officers of the Department of Trade and Commerce plus experienced exporters will discuss with the delegates such pertinent exporting problems as markets, terms, insurance, financing, publicity, the use of trade fairs, etc. The clinic on the 17th will examine the United States and Latin America; on the 18th, the focus will be on Commonwealth and Colombo Plan countries, the Communist countries, the European Common Market and the European Free Trade Area. For further information about the convention, write to the Canadian Exporters' Association, 276 St. James St. W., Montreal 1, Canada.

New England' Electronic Industr

Dramatic growth of electronics ma
facturing in a region close to Cana
may mean opportunities for supply
Canadian components, particularly
defence contracts. This report inclu
a useful list of major New Engla
electronics compan

J. C. DEPOCAS,
Consul and Trade Commissioner, Bos

LEADING NEW ENGLAND ELECTRONICS FIRMS

(With headquarters in New England)

Name	Number of Plants	Number of Employees	Total Assets (1957-1959)	Annual Sales (1957-1959)
			(in thousands of dollars)	
Aerovox Corporation New Bedford, Mass. Manufactures electronic components, including several varieties of capacitors, resistors, and test instruments for testing resistance and inductance.	1	1,000+	$12,700	$22,000
Baire-Atomic, Inc. Cambridge, Mass. Primarily engaged in the design, development, manufacture and sale of optical and atomic electronic products.	1	250/500	3,400	7,036
Barry Controls, Inc. Watertown, Mass. Manufactures shock vibration and noise isolators. Also acts as engineering consultant on related problems.	2	250/500	2,998	4,434
Clarostat Mfg. Co. Inc. Dover, N.H. Manufactures transistors, diodes and testing equipment for transistors.	1	1,000+	2,472	7,207
Edgerton, Germeshousen & Grier, Inc. Boston, Mass. Engaged in research and development work on special electronic apparatus including stroboscopes, flash tubes, high-speed and electric-flash photography, transient cathode-ray equipment, oscillography and special types of recording photographic devices, timing and control equipment.	1	500/1,000	877	5,675
Electronics Corp. of America Cambridge, Mass. Produces electronic controls for automatic control, recording and monitoring of industrial processes and manufacturing operations. Develops and produces explosive extinguishing systems for installation on aircraft and in industrial plants. Designs and engineers special products and equipment for Navy and maritime industries.	1	500/1,000	8,398	8,037
Epsco, Inc. Cambridge, Mass. Manufactures high-speed data-processing instruments, equipment, systems, and components, and electrocardiographs.	1	500/1,000	5,560	6,070
Foxboro Co. Foxborough, Mass. Manufactures indicating, recording and controlling instruments for temperature, pressure, flow and liquid level.	1	1,000+	26,840	33,481
The Ganewell Co. Newton, Mass. Manufactures and installs fire-alarm and police-signal systems. Also produces potentiometers.	1	250/500	15,539	20,746
General Communications Boston, Mass. Manufactures basic electronic equipment, principally coaxial switches and interrogator equipment for the Government.	1	100/250	1,894	3,774
General Radio Co. West Concord, Mass. Specializes in laboratory measuring, monitoring and production test equipment. Products include broadcast monitors, signal generators, wave analyzers, audio oscillators, frequency meters and voltmeters.	1	500/1,000	8,864	12,027
High Voltage Engineering Corp. Burlington, Mass. Manufactures electrostatic generators and accelerators for medical, scientific and industrial uses. Also manufactures nuclear high-voltage equipment.	1	250/500	5,913	5,769

NEW ENGLAND has made a big contribution to the growth of the electronics industry in the United States, despite a lack of raw materials and the handicap of high transportation costs. Today, thanks mainly to development in Massachusetts, the area ranks high in the electronics field and in certain branches is the undisputed leader.

There are currently 700 electronics plants in the New England states, compared with 770 in an area including California and ten other Western states. The area adjoining Boston has 500 plants, as against 461 in the Los Angeles area and 144 around San Francisco. Route 128, which runs in a semicircle around Boston, has been nicknamed the "Main Street" of industrial electronics; the four-mile stretch along this route on the edge of the city of Waltham is known as "Electronics Valley". (Out of a total of 216 industrial plants, Waltham has 98 electronics factories.)

Two factors have proved important in the growth of the industry in New England. One is the good supply of skilled labour, both men and women, available at lower cost than in some other parts of the United States. Second, such famous institutions as Harvard, M.I.T., Northeastern, Lowell Tech, and Worcester Polytech furnish a continuous supply of engineers and scientists. In addition, laboratories sponsored by these educational institutions are engaged in a substantial program of research and development for the Government.

Further Development Coming

The electronics industry, with 98,000 workers, now ranks third as an employer of New England labour, just after textiles and non-electrical machinery. Two-thirds of the industry is located in Massachusetts; Connecticut is in second place. However, the larger companies that are expanding now and have further growth in mind are looking northward; already Lewiston, Nashua, North Winshaw, Woonsocket and

Waldoboro are new points on the electronics map. Among the companies which are opening new plants or thinking of expanding are Raytheon, Sylvania, CBS Electronics, Itek, and Clevite Transistors Corporation.

The automobile industry is now entering the picture. A.C. Spark Plug, a division of General Motors, is moving into Wakefield. Gabriel Co. of Cleveland, manufacturers of shock absorbers, will make microwave antennas and systems at Millis, Massachusetts. Ford has opened a small space-research laboratory in Natick. These are considered only the first steps by these firms which may be planning to develop their own products instead of limiting themselves to the manufacture of components for other companies' designs. Among the other non-New England firms in operation in New England are Avco Manufacturing Corporation of New York; Bomac Laboratories, a subsidiary of Varian Associates of Palo Alto, California; Dalamatic Corporation and Marion Electrical Co., both subsidiaries of Minneapolis Honeywell of Minneapolis; RCA of New York; Sigma Instruments, subsidiary of Fisher Pierce Co. Inc.; Western Electric, General Dynamics, etc.

Dependent on Defence

One conclusion to be drawn from the figures for factory sales and future production, on page 17, is that New England has only a minor share of the business in consumer electronic products and this share is not expected to increase during the next decade because the difficulties which stand in the way cannot be easily overcome. New England manufacturers are comparatively remote from the large American markets. Consequently, transportation costs put them at a disadvantage in competing against manufacturers more centrally located.

The New England electronics industry is now prospering, but it cannot forget or ignore the fact that it derives its strength from defence

LEADING NEW ENGLAND ELECTRONICS FIRMS

(With headquarters in New England)

Name	Number of Plants	Number of Employees	Total Assets (1957-1959) (in thousands of dollars)	Annual Sales (1957-1959) (in thousands of dollars)
Hermes Electronic Co. Cambridge, Mass. Is engaged in research into development and manufacture of foreign communications systems. Also does research and production for government contracts on crystal filters, ultra-stable oscillators and digital products.	1	100/249	1,447	2,643
Itek Corp. Waltham, Mass. Produces microwave spectrum analyzers, multipulse gating units, and variable frequency power supplies. Also does research and development work.	1	500/1,000	13,300	25,057
Laboratory for Electronics, Inc. Boston, Mass. Manufactures electronic instruments and equipment, including navigation systems, radar, and components of computation systems. Also does electronic development and research work of a classified nature for government agencies.	1	1,000+	9,413	20,410
Microwave Associates Burlington, Mass. Manufactures radar components, UHF tubes, RT tubes and magnatrons. Does engineering consultant and research work.	1	250/500	2,997	4,327
National Co., Inc. Malden, Mass. Manufactures radio-receiving and transmitting equipment. Other products include special testing equipment.	2	250/500	5,112	7,434
The Raytheon Co. Waltham, Mass. Does basic research in the general field of applied electronics, nucleonics, microwave, ceramics, irradiation and sonics. Produces microwave and power tubes, radar, radio communication and missile systems, as well as the component parts.	34	40,000+	153,428	375,156
Sanborn Company Waltham, Mass. Manufactures medical diagnostic apparatus, including cardiographs and metabolism equipment. Also manufactures electrical industrial amplifier and recording systems.	1	500/1,000	6,454	13,002
Sanders Associates, Inc. Nashua, N.H. Manufactures electronic units which include guided missile systems and navigation aids. Also provides engineering development, designing and consulting services on related electronic products.	2	1,000+	5,371	10,659
Sprague Electric Co. North Adams, Mass. Manufactures various types of electrical capacitors, resistors and filters.	3	1,000+	29,416	43,194
Technical Operations, Inc. Burlington, Mass. Activities include mathematical research, chemical research and development work in the field of electronics.	2	100/250	2,984	3,368
Tracerlab, Inc. Waltham, Mass. Engaged in development, manufacture and sale of nucleonic instruments and equipment to detect, measure and utilize radioactive elements, and industrial control apparatus employing such elements. Also handles and processes radioactive chemicals for resale.	1	500/1,000	7,042	10,324
Transistron Electronic Corp. Wakefield, Mass. Develops and manufactures semi-conductor products. Output includes silicon and germanium transistors, gold-bonded germanium and silicon diodes, and silicon rectifiers.	1	1,000+	22,780	30,913

Trans-Sonics, Inc. Burlington, Mass.	1	100/250	1,676	3,251

Produces precision transducers, including types specifically designed for the measurement of absolute and differential pressures, gas and liquid temperatures, air-mass flow, liquid level altitude and vertical speed.

Texas Instruments Metals & Controls Div. Attleboro, Mass.	1	1,000+	53,591	91,954

Produces nuclear fuel elements and components, thermostat controls, circuit breakers, precision switches and temperature controls.

Electronics products are grouped under three main headings—consumer, components and military. Factory sales for the national industry in 1957 and 1959 were:

Year	Consumer	Components	Military	Total
		(in millions of U.S. dollars)		
1957	2,500	1,520	2,890	6,910
1959	2,650	1,520	4,950	9,120
of which the New England share was as follows:				
1957	130	190	300	620
1959	132	190	535	857

The same source that compiled the above information (using the berru projection method of estimating) gives the following figures for future U.S. production:

Year	Consumer	Components	Military	Total
		(in millions of U.S. dollars)		
1960	2,840	1,700	2,650	10,790
1965	3,740	2,500	13,001	19,250
1970	4,270	3,400	11,005	18,720
of which New England's share is expected to be:				
1960	139	217	688	1,044
1965	165	332	1,561	2,058
1970	166	469	1,437	2,072

spending by the U.S. Government and that many of the fundamental decisions that affect it are not made locally but in the Pentagon. A decrease in defence outlays would vitally affect many industries in many parts of the country, but a reduction in government contracts would be more serious for the New England electronics manufacturers than, say, for those in Calfornia. Present plans for expansion may have to be modified if the situation changes, since New England firms depend so heavily upon military needs and cannot look to the manufacture of consumer goods to take up the slack.

Published statistics indicate that about half the loading of the U.S. electronics industry is in defence, of which a good portion is concerned with the defence of the U.S./Canada region. The military co-operation of the two countries has involved the integration of defence systems and it has been more economical for major items to be supplied from U.S. companies, with a consequent increased defence expenditure by Canada in the United States. To offset this and permit Canadian participation in defence development and production, arrangements have been made to waive the Buy American Act and for the use of duty-free entry certificates for certain Canadian supplies.

Thus where Canadian industry has competence in items which can be used in defence, it has the opportunity to compete in the U.S. Such opportunities will be greater in the New England area because of its geographical proximity to the centres of the Canadian electronics industry. ●

First Trip?

ARE you planning a first visit to investigate foreign markets? Seasoned business travellers offer some suggestions:

One, don't try to cover too much ground. Two, don't tie yourself down to a rigid schedule. Three, inquire about holidays abroad before you leave or you may find yourself twiddling your thumbs in a half-deserted city.

A Canadian export manager when he was new to the job hurried down to Latin America and in ten weeks visited 18 countries. He discovered that travel fatigue accumulated and his efficiency declined. Today he advises the novice to restrict himself to less than six weeks of travelling and not to cover more than four or five countries. To keep in top form, he recommends about 3½ weeks.

If you are a first-time traveller, you will want to become familiar with the business climate and the demands of the market and you cannot foresee how long this will take. That's why too much advance planning of your trip can be a drawback. This is particularly true if you intend to choose agents: you should not make a hurried decision because it may mean a wrong choice.

Veteran export managers have additional advice to offer. Don't attempt to appraise a market too quickly and while you are still immersed in the competitive situation there. Move on to the next country, sort out your impressions, and then reach conclusions and make recommendations. Your perspective will improve with distance. "Record the facts on the spot," says one exporter, "but analyze them and make your decisions elsewhere."

"Record the facts" brings up the problem of reports. Most travellers find it essential to write up or dictate notes on business calls immediately, while the discussions are still fresh in their minds. Few do more than this while they are still on the wing, but some airmail a fuller report, section by section, back to home office. This serves as a draft of the final report.

Most companies supply report forms that include an "action box", for recording matters that require action immediately or within a short time. This makes follow-up easier.

NIGERIA

This young Nigerian herding his family's cattle belongs
Fulani, one of the two main tribes in the Northern Regi
the biggest cattle-owners. Cattle-raising, an important indu
largely carried on in the dry savannahs of the north that are fr
the tsetse-fly scourge. Cattle hides from this region are e

THE Federation of Nigeria, which achieved its independence on October 1, 1960, has the largest population of any African country, a variety of terrain, of people and of natural resources, and carefully framed plans for economic development.

Along the coast of Nigeria, the land is swampy or overgrown with mangrove trees. Back of this belt lies the tropical forest, where oil palms, cocoa and mahogany trees flourish. The northern part consists of open, parklike country and grass savannah and merges eventually with the Sahara. The tribes living there raise cattle and goats (morocco leather comes from their Sokoto goats) and grow cotton and peanuts, important export crops.

Most Nigerians make a living from agriculture, either by working small subsistence plots or by raising the products that make up 85 per cent of total exports—palm kernels, palm oil, peanuts, rubber, cocoa, cotton, bananas and benniseed. Shipments of these eight commodities earned an estimated £133 million in 1959. Marketing of the main agricultural exports is carried on by four regional marketing boards, which protect producers against price fluctuations and provide funds for development of these crops.

Though agriculture is pre-eminent, industry too is expanding. Palm oil processing and the weaving of cloth were the first industrial enterprises. Since 1947, progress has quickened and Nigeria now has factories making plywood, cement, plastics, soap, cigarettes, beer, aluminum products, and so on. The "Made in Nigeria" pavilion at the Nigeria Exhibition opened in Lagos on Independence Day contains displays by over 110 manufacturers.

The country's mineral resources include tin, columbite and coal. Greatest interest centres around oil, obtained from wells in the Eastern Region. The first crude was exported in February 1958 and it is now being shipped at the rate of 800,000 tons a year.

In the years ahead, Nigeria will need foreign capital and enterprise in developing natural resources and creating industries. With this help, and her own vigorous efforts, the new Nigeria hopes to outstrip her record of the past ten years. ●

Lagos, capital of Nigeria, is a Federal District and also one of the two main ports in the country. Beyond the modern Co-operative Bank Building in the foreground lies the harbour and Apapa Wharf. About 363,000 people live in Lagos.

OMES A NEW NATION

coal mines at Enugu, Eastern Region, provided the country with about ,000 tons in 1959-60. The railways used about half of this and the ctricity Corporation one-fifth, but switch to oil is beginning to affect sales.

Nigerians produce cocoa, mainly on smallholdings; account for about one-seventh of world crop. Agricultural experts are training farmers in the spraying of plants to control disease.

oil palm grows in Nigeria's tropical-forest belt; the palm oil and n kernels it yields were sold abroad by 1785; now lead all other exports, £39 million every year. More palm-oil mills are now being built.

Cotton is raised chiefly in the Northern Region; is delivered at ginneries like this one, run by the Regional Marketing Board. Ginneries also distribute seed from high-yielding cotton.

Trade and Commerce Goes to Nigeria

EARLY this year, the Minister of Trade and Commerce announced the establishment of an office of the Trade Commissioner Service in Lagos, Nigeria. In mid-September, just before the celebration of Independence Day, Howard W. Richardson arrived in Lagos to take up his duties as Commercial Counsellor to the High Commissioner for Canada in Nigeria.

Up to this time, the Commercial Secretary for Canada in Accra, Ghana, has had the added responsibility of promoting trade with Nigeria. Until the beginning of 1959, our sales there were restricted by import controls; in 1958, totalled only $337,000. The relaxation of these controls in January 1959 immediately improved the trading opportunities and last year our exports jumped to $978,000. Flour bulks largest in our sales to Nigeria (over two-thirds by value of our 1959 total) but we also ship automobiles and parts, aluminum products, shoe and mining machinery. As Nigeria's industries expand, the demand for machinery and equipment and for raw materials should grow, and as national income increases, the opportunities for selling staple consumer goods should become more promising.

Mr. Richardson brings to the development of our trade with Nigeria experience acquired in three widely separated posts—Bogota, Colombia; Athens, Greece; and Guatemala City, Guatemala, where his territory included all of Central America. Born in Essex, Ontario, he graduated with a Bachelor of Commerce degree from Queen's University and entered the Trade Commissioner Service after war service with the Canadian Army.

At present Mr. Richardson is operating in temporary quarters but expects to be settled and able to handle trade inquiries or correspondence from Canadian businessmen after November first. ●

More about Nigeria

1960 the Year of Independence

Commerce in Nigeria, vol. 3, no. 3. Official Organ of the Lagos Chamber of Commerce, Inc.

Business Conditions in Nigeria

Foreign Trade, Ottawa, May 7, 1960, p. 6.

Economic Survey of Nigeria 1959

Published by the National Economic Council. Printed by the Federal Government Printer, Lagos. 132 pages, plus 4 maps.

The Federation of Nigeria

External Affairs, Ottawa, April 1960, p. 578-83. Published monthly by the Department of External Affairs, Ottawa.

Focus on Nigeria

International Trade Review, New York, January 1960, p. 21. Published monthly by the International Division of Dun and Bradstreet, Inc., New York.

Handbook of Commerce and Industry in Nigeria

Compiled and published by the Federal Department of Commerce and Industries, Lagos. Reprinted December 1957. 255 pages, plus map supplement.

Investment Possibilities in the Eastern Region of the Federation of Nigeria

Eastern Region of Nigeria Official Document no. 11 of 1960. Government Printer, Enugu. 45 pages.

Nigeria: Colorful Land Going Places

New Leader, New York, February 1960, p. 10-11. Published weekly in New York by the American Labor Conference on International Affairs.

Nigeria Deploys Its Attractions

Times Review of Industry, London, February 1960, p. 66-67. Published monthly by the Times Publishing Company Limited, London.

Nigeria on the Eve of Independence

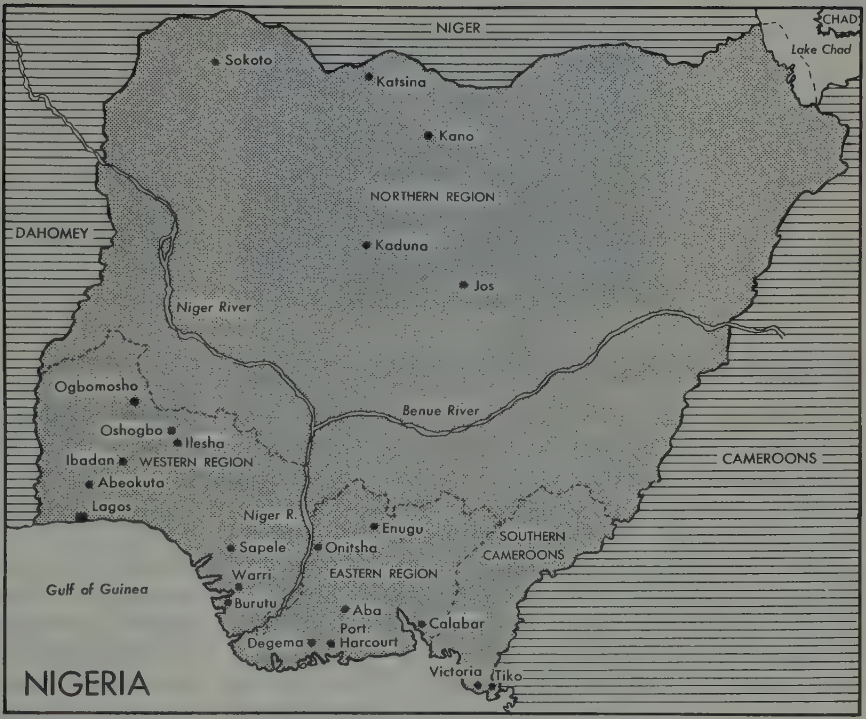
World Today, London, March 1960, p. 101-9. Published monthly by the Royal Institute of International Affairs, London.

Nigerian Industry Expands, Creates Demand for Imports and Investment

Foreign Commerce Weekly, Washington, July 18, 1960, p. 8. Published by the United States Department of Commerce, Washington, D.C.

Markets in Brief

NIGERIA



Area: 373,250 square miles.

Population: 36 million (estimate).

Climate: tropical to sub-tropical. Southern areas tropical, with 70-150 inches of rain per year. Northern areas sub-tropical, with minimum of 20 inches per year of rain, a dry season and wide temperature variation daily.

Language: English is the language of business.

Currency: linked to sterling. £N.=£1 sterling=Can.$2.74, approximately.

Weights and measures: avoirdupois and linear.

Capital: Lagos, at sea level.

Chief ports: Lagos/Apapa, Port Harcourt, Sapele, Warri, Degema, Calabar, Victoria and Tiko.

Marketing centres: Lagos (population) 363,000; Ibadan 500,000; Kano 130,000; Enugu 63,000; Ogbomosbo 140,000; Oshogbo 122,000; Katsina 52,000; Abeokuta 84,000; Onitsha 76,900; Port Harcourt 72,000; Ilesha 72,000.

Economy: based on agriculture—(palm kernels and palm oil; cocoa; peanuts, oilcake and meal; cotton and cottonseed; rubber and benniseed, with some African woods and hides and skins.)

Total Nigerian imports: 1959—U.S.$502.4 million; 1958—U.S.$467.3 million.

Chief imports: 1959 (in U.S. dollars)—food, beverages and tobacco $74.5 million; transport equipment, including road vehicles, $71.7 million; machinery and parts, other than electric, $44.5 million; cotton fabrics, $42.5 million; synthetic fabrics, $23.2 million; chemicals and pharmaceuticals, $29.7 million; mineral fuels and lubricants, $29.1 million.

hief suppliers: 1959 (in per cent of total imports)—United Kingdom 45.7, Japan 10.5, West Germany 6.7, United States 4.4, Netherlands 5.4.

alue of imports from Canada: 1959—$977,395; 1958—$336,720.

hief imports from Canada: 1959 (in per cent)—wheat flour 71, passenger vehicles 15.

otal Nigerian exports: 1959—U.S.$458 million; 1958—U.S. $380 million.

hief exports: 1959 (in U.S. dollars)—palm oil and palm kernels $111.3 million, cocoa $107.2 million, peanuts and peanut products $94.6 million, rubber $32.5 million, cotton and cotton seed $23 million, timber (logs and sawn) $16.9 million, tin ore $11.8 million.

Chief markets: 1959 (in per cent of total exports)—United Kingdom 50.2, Netherlands 16.2, West Germany 8.3, United States 7.3, Italy 4.6.

Value of Canadian purchases from Nigeria: 1959—Can. $3,086,419; 1958—Can.$2,374,130.

Chief Canadian purchases: 1959 (in per cent of total)—cocoa beans 86, crude rubber 12.

Dollar exchange: freely available.

Prices: quote in sterling, c.i.f. Lagos or Port Harcourt.

Samples: commercial samples of negligible value and advertising material having no other value are exempt from import duty.

Trade agreements: Canada has no separate trade agreement with Nigeria. The Nigerian tariff structure does not provide for Commonwealth preference.

Import controls, documentation, customs tariffs, marking and labelling: all goods from Canada except sugar, coal, petroleum products, gold and gold products and used clothing may enter Nigeria without import trade control licences. Consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Correspondence: airmail recommended; letters 25 cents per half-ounce.

For detailed information on this market write to:

Commonwealth Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or (after November first)

Commercial Counsellor
Office of the High Commissioner for Canada
P.O. Box 851
Lagos, Nigeria.

Fairs and Exhibitions

Blackpool Fancy Goods Fair World Wide

THE *International Gifts and Fancy Goods Fair* held at Blackpool in February each year has become one of the outstanding exhibitions of its kind in Europe, attracting buyers from all over the world. Canadian exporters of giftwares might well consider the opportunities for selling their products by exhibiting either directly or in co-operation with their British agents.

From a modest beginning at Harrogate in 1950 with 17 exhibitors, the fair has grown enormously; last year there were over 1,000 exhibitors, using 350,000 square feet of display space. For the 1961 event an additional 20,000 square feet has been secured to meet the steadily expanding demand for space.

The fair is international in scope, with products exhibited in 1960 from Austria, Belgium, Canada, Czechoslovakia, Communist China, Denmark, France, West Germany, the Netherlands, Hong Kong, Italy, India, Japan, Norway, Spain, Switzerland, Sweden, and the Middle and Far East. The merchandise shown covers a wide range. On display in February were brassware, copperware, silverware, jewellery, lamps, lampshades, table mats, fine art reproductions, pipes, lighters, leather goods, travel goods, handbags, stationery, umbrellas, clocks and watches, fine china, glassware, pottery and wrought iron.

During the five days of the 1960 show, over 30,000 buyers attended, including some 5,000 to 6,000 from outside the United Kingdom. The charges to exhibitors are small by Canadian standards. Thus, for a relatively modest outlay, manufacturers may obtain reactions to their products from a wide range of possible customers. Canadian firms interested in exhibiting at next year's fair (January 30-February 3) should write for more information to The Fancy Goods Association, St. Dunstan's House, Carey Lane, London E.C. 2.

—A. WORDEN EVANS,
Trade Commissioner, Liverpool.

Commercial Publications Exhibit

CANADIAN exporters who are able to ship factory equipment and materials to British Guiana are invited to contribute to a display of commercial pamphlets, brochures and other advertising literature in the

CANADA
CANADA
CANADA
ROSE

Two of the attractive food stands in the Canadian exhibit at the British Food Fair, *which ran at Olympia London, from Septembe 1-17. These two Canadian firms displayed (left) pure strawberry jam, tropical conserve, pickles, relish and dills; (right) macaroni products, spaghetti sauces, raviolis meat balls and soups. Sampling and selling created interest; the young lady on the left offers free cocktail pickles, the one on the righ a hot dish that she has whipped u from a container on the shelf.*

Colony. The invitation comes from the Chairman of the Industrial Committee of the Royal Agricultural and Commercial Society in Georgetown. This exhibition of commercial publications was originally set up by the International Co-operation Administration. It is a display only: books may not be taken away. According to the chairman, the exhibit fills a deep need in supplying publications designed to assist the Guianese to shorten their "period of groping" as they move towards their industrial revolution. Manufacturing, he says, is a new activity and they expect to have to study its many aspects. Manufacturers and consultants interested in extending their contacts overseas should submit material to the Royal Agricultural and Commercial Society, R.A.C.S. Building, Church Street, Georgetown, British Guiana.

Nigeria Stages an Independence Exhibition

ONE of the big events that marked Nigeria's Independence Day celebrations on October 1 was the opening of the *Nigeria Exhibition*, sponsored by the Federal Ministry of Commerce and Industry. The theme of the exhibition is "Nigeria Today and Tomorrow".

Set up on the banks of a lagoon on Victoria Island, Lagos, the exhibition includes government displays (federal and regional), a fun fair (with traditional dancers, bands and playground), an arena and, biggest of all, a trade section. Here over 240 exhibitors, some of them from foreign countries, show their goods. The "Made in Nigeria" pavilion, which is the largest, accommodates over 100 local manufacturers grouped by industry—engineering, food, furniture, pharmaceuticals, printing, textiles and soft drinks. In the "Export" pavilion, 80 per cent of the space is given over to products handled by the Marketing Boards, such as cocoa, cotton, peanuts, bananas, palm products and benniseed. The remainder of the space is allotted to lesser exports—hides and skins, oil, rubber, timber, tin and columbite. The show runs until October 22. *(See also "Nigeria Becomes a New Nation", pages 18 to 21.)*

Opportunity to Exhibit in Hong Kong

THIS year, for the first time since 1954, the *Exhibition of Hong Kong Products* has been expanded to include overseas companies or their agents in Hong Kong. The show, the eighteenth since its founding, runs a full month, from the first week in December to the first week in January 1961.

According to C. M. Forsyth-Smith, Canadian Trade Commissioner in the Colony, this exhibition presents an excellent opportunity for Canadians to show their goods to the Hong Kong consumer. It is directed mainly at the general public and the products on display are mainly consumer goods for sale on the spot. Perhaps, as Mr. Forsyth-Smith suggests, Canadian companies who have agents in Hong Kong may wish to exhibit on some expense-sharing basis with their agents. The show will also be useful for Canadian importers who would like to see what Hong Kong manufacturers have to offer. Interested businessmen should write to Mr. Forsyth-Smith, P.O. Box 126, Hong Kong, as soon as possible.

Coming Up in Paris . . .

International Automobile and Cycle Fair, Paris, November 6-16. Apply: M. Paul Panhard, Président, Grand Palais, Port J, Paris.

International Sporting Goods Fair, Paris, November 12-15. Apply: M. Bénard, Président, 149 rue Saint-Honoré, Paris.

In Tunisia and the U.A.R.

EGYPT—*World Agricultural Exhibition, Cairo,* February 15-March 30, 1961. Apply: Exhibition Committee, Central Ministry of Agriculture, United Arab Republic, Cairo.

TUNISIA—*International Fair of Tunis,* October 16-31, (held every year in mid-October). Products include minerals and petroleum, and machinery and services connected with the mining industry; canned goods, including vegetables, fruit and fish. North African handicrafts will also be displayed. Apply: Mahmoud Zerzeri, President, Committee of the International Trade Fair, Tunis.

International Vertical Fairs in '61

AGRICULTURAL PRODUCTS, MACHINERY—*63rd International Agricultural and Animal Farming Fair,* Verona, Italy, March 12-20. Apply: Fiera di Verona, Piazza Bra, Verona.

41st International Agriculture and Agricultural Machinery Exhibition, Brussels, Belgium, February 12-19. Apply: Salon de l'Agriculture, 29 rue de Spa, Brussels.

International Agricultural Machinery Show, Paris, France, March 7-12. Apply: Union des Exposants des Machines et d'Outillage Agricoles, 95 rue Saint Lazare, Paris.

AUTOMATION—*International Exhibition of Measurement, Control, Regulation and Automation,* Paris, May 9-17. Apply: Palais du C.N.I.T., 20 rue Carpeaux, Paris.

BABY GOODS—*International Trade Fair for Baby Goods,* Cologne, Germany, Januray 6-9. Apply: Verband der Kinderwagenindustrie und Verwandter Zweige, Cologne.

ENGINEERING—*Plant Maintenance and Engineering Show,* Chicago, Illinois, January 30-February 2. Apply: Clapp & Poliak, Inc., 341 Madison Avenue, New York 17.

ELECTRONICS, RADIO, TELEVISION—*4th International Radio and Electronic Components Show,* Paris, February 17-21. Apply: Salon International des Fabricants de Pièces détachées Radio et Electriques, 23 rue de Lubeck, Paris 16.

FOODSTUFFS—*International Sugar Exhibition,* Amsterdam, Netherlands, April 11-19. Apply B. H. Wellman, Netherlands Association of Confectionery Manufacturers, Marnixstraat 380, Amsterdam.

FURNITURE—*International Furniture, Upholstery and Wood Processing Industries Suppliers Fair (INTERZUM),* Cologne, April 14-17. Apply: Messe-und Ausstellungs, G.m.b.H., Postschliebfach 1, Cologne.

HANDICRAFTS—*25th International Trade Fair of Handicraft Products,* Florence, Italy, April 24-May 14. Mostra-Mercato Nazionale dell Artigianato, Piazzo della Liberta 1, Florence.

HEATING—*International Heating and Air-Conditioning Exposition,* Chicago, February 13-16. Apply: International Exposition Co., 480 Lexington Avenue, New York 17.

PHARMACEUTICALS

Iran Steps Up Imports

Over the next five years, Iranians will buy considerably more than their present $14 million worth of pharmaceuticals from abroad. Iranian manufacturers, who rely on imported raw materials, are still far from meeting local demand.

A. B. BRODIE, *Commercial Counsellor, Tehran.*

IRAN is a large importer of pharmaceuticals, bringing in some $14 million worth in 1959. The market, though sizable for Iran's growing population of some 20 million (75 per cent of whom are peasants), is not without its problems. The following data on market prospects may therefore be helpful to Canadian pharmaceutical suppliers who are considering Iran as an outlet for their products.

The principal supplying countries, with approximate percentages, are the United States 30, Switzerland 21, Germany 16, France 10 and the United Kingdom 8.

Today almost 400 foreign pharmaceutical firms of varying sizes—including, of course, the better known suppliers—are shipping their products to Iran. The market for certain products (including antibiotics), is saturated at present and importers/distributors have little alternative but to dispose of their stocks at sacrifice prices. The list of drug products imported into Iran is extensive and includes, among others, the categories shown in the accompanying table (1958-59 import figures are approximate).

Import Regulations Strict

An ad valorem customs duty of 10 per cent is applied to patent liquid medicines, tinctures and liquid extracts. All other pharmaceutical products are free of import duty.

The import of serums, vaccines, patent medicines and antibiotics is subject to the decision of the Health Committee, composed of representatives of the Ministry of Health, Medical and Pharmaceutical College, and Customs. If the Iranian authorities consider the product acceptable, the importer must present foreign invoices showing the c. and f. value of the products before import licences will be considered.

The Health Committee's regulations are strictly enforced and make it difficult for new products to enter the market. The principal requirements are:

- The Health Committee will only consider registering foreign pharmaceutical products that have been sold in the country of origin for not less than five years.
- Leaflets and other literature reflecting the results of the studies by well known scientists of the country of origin should accompany the applications submitted to the committee.
- All pharmaceutical products must be supported by certificates issued by the Ministry of Health in the country of origin. These certificates must be witnessed by an Iranian consulate.
- Suppliers of pharmaceutical products to Iran must be the manufacturers of the products they intend to export.

IRANIAN IMPORTS OF PHARMACEUTICALS

Products	Imports from main supplying countries ('000Can.$)		Total imports 1958-59 ('000Can.$)
Antibiotics, para-amino salicylate compounds and isoniazid	United States	1,500	2,300
	Germany	330	
	Britain	130	
	France	120	
Drugs principally used in the treatment of leprosy, cancer and trachoma	France		26
Bismuth injectable compounds, arsenic compounds	United States	182	430
	Germany	90	
	Britain	78	
Penicillin and its compounds	United States	455	922
	Germany	182	
	Switzerland	65	
	France	78	
Patent liquid medicines the base of which is wine and/or alcohol	Switzerland	935	1,950
	United States	260	
	Germany	250	
	France	250	
Tinctures and liquid extracts, alcoholic or not	Switzerland	71	130
	France	23	
	Britain	14	
Other pharmaceutical products	Switzerland	1,571	6,831
	United States	1,500	
	Germany	1,300	
	France	1,140	

Retail prices are controlled by the Iranian authorities. In general, they allow antibiotics to be sold at 44 per cent over the c. and f. prices and specialty products at mark-ups of 70 per cent over the c. and f. quotations.

Local Industries

There are only about five plants of any importance producing pharmaceuticals in Iran and these use principally imported raw materials. Additional factories will be built over the next two years, one important one by the Pahlavi Foundation in affiliation with a responsible British pharmaceutical firm. In an effort to promote new industries, including pharmaceutical plants, the Iranian Government, under the Production and Exports Promotion Act of 1955, has managed to attract increased foreign interest. Concessions under the Act vary from exemption from payment of income tax for five years when factories are located beyond a radius of 60 kilometers from Tehran, to duty-free imports of processing machinery for a number of listed industries.

Market Is Competitive

It is important to bear in mind that, in general, Iran is a price market and consequently very competitive. Shipments are made on the basis of sight drafts and, at times, on generous payment terms varying from three to six months. The more prudent approach to the Iranian market at the moment is to ensure that between 25 and 40 per cent of the c. and f. value is covered by irrevocable letter of credit or cash against documents on arrival of the goods at the Persian Gulf seaport of Khorramshahr.

Despite the present stringent health regulations affecting the introduction of new products, Iran will continue to increase imports of pharmaceuticals over the next five years. Domestic industries, at present meeting a small part of the demand, will not begin to satisfy local needs for some time. ●

Egypt Reclaims Land

POPULATION pressure in Egypt has increased the need for more arable land; in ten years, Egypt's population of 24 million will rise to 40 million at the present rate of growth. Several interesting and novel schemes for reclaiming the desert and the saline land below sea level have been devised to meet this need.

The Second Five Year Development Program, 1960-1965, includes projects to reclaim 585,000 acres of desert and semi-desert. This will add almost 10 per cent to the present six million acres under cultivation. Because water is essential to these schemes, they can be grouped under the following headings: better utilization of the annual Nile flood water; finding new water resources; and more efficient use of existing water supplies.

Egypt's most publicized reclamation project, the Aswan High Dam, is designed to catch the annual flood water of the Nile. When it is completed, it will store 130 billion cubic meters of water for the irrigation of two million acres—or 30 per cent of the currently cultivated land. It will take ten years to complete the High Dam and another ten before the maximum benefits are felt. However, upon completion it is hoped to irrigate desert land as well as to convert areas of basin irrigation (one crop per year) into perennial irrigation (two or three crops per year).

Three projects now under study by an Italian consortium, Italconsult, will result in more water for irrigation. Its investigations have revealed large underground sources of water below the water table of the Nile Delta. This can be pumped to the surface economically and used for land reclamation in Upper Egypt. A scheme for conserving some of the wasted irrigation water is also under study. Fresh Nile water will be blended with water already used for irrigation and this re-use will enable more land to be irrigated. By these and other methods, Italconsult estimates that 175,000 acres of desert can be brought under cultivation at a cost of $80 to $90 million. Half the cost is to be met by the U.A.R. in local currency and the remainder will be financed from the 25 billion lira revolving credit agreement made this year between Italy and the U.A.R.

The Egyptian-American Rural Improvement Service (EARIS), has undertaken, with a $15 million grant from the United States and $10 million from the U.A.R., land reclamation and land settlement work southwest of Cairo and southeast of Alexandria. Both areas are below sea level and require leaching and desalting of the soil. Afterwards land settlement will begin with the erection of houses, schools, mosques, hospitals, shops and other social amenities. Altogether, 36,000 acres are to be cultivated of which nearly half is now under crops. Disregarding the cost and availability of water, two million acres of land below sea level behind the Mediterranean coast can be drained and made arable.

A scheme known as the New Valley Project will bring water from underground sources for irrigation in a part of the Sahara west of the Nile Valley. This area already has 25,000 acres under cultivation and plans call for the drilling of artesian wells to irrigate an additional 15,000 acres.

That progress can be made is demonstrated in Al Tahrir province, where what was desert six years ago has been transformed into 25,000 acres of valuable farm land.

—D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

Advertising Abroad

In Greece, consumers are slow to experiment with new brands and appealing advertisements in the press or on radio must break down this resistance.

L. D. R. DYKE, *Assistant Commercial Secretary, Athens.*

CANADIAN suppliers who wish to advertise in Greece need not worry about lack of advertising agencies or of advertising media. They may, of course, worry about cost but should be more concerned over the psychologically correct approach to a public with a cultivated taste and little money to allow experimentation with unknown advertised commodities. Because of the low average per capita income (a very unevenly distributed $290 in 1959), Greeks do not like, nor can they afford to risk, changing often from one brand to another. Thus they are reluctant to accept advertisements at face value. In fact, they are inclined to take many of them with a grain of salt until they can establish by trial or trusted testimonial that the advertised product is a good one.

Despite this, Greek consumers are becoming more and more advertising-minded. Increased local production is gradually limiting imports to better quality goods that cannot yet be made locally. At the same time, an improving standard of living gives shoppers a widening choice of purchases. But the Greek trading instinct is strong and, with or without advertising, Greek men, women and children are all anxious to get the best and the most for their money.

Although they are not yet resigned to the fact that more and more space in the daily papers and more and more time in radio programs are taken by advertising, Greeks will not turn a deaf ear nor close their eyes to an appealing advertisement. Like North American buyers, if they can afford it they will probably try the new product. In buying durable goods (household appliances, for instance) Mr. and Mrs. Poulos or Miss Ackis—who will visit many shops and compare prices, qualities and sales pitches before making up their minds—will probably be more influenced by a clever salesman than by advertising.

In Greece, the two most important media are the press and radio. There is no television and billboards, posters, etc., are still uncommon. New advertisements have recently become more numerous in the Athens-Piraeus metropolitan area (over one-quarter of the total population and the most important market in the whole country). Filmstrips are also becoming popular and rank third in importance.

Newspapers and Magazines

The daily newspapers are the most important advertising medium, taking an estimated 33 per cent of total advertising put out in the country. They reach every corner of the land and nearly every home. The Greeks are avid newspaper readers and illiteracy is not high. (A large proportion of the 24 per cent of over-ten-year-olds who are illiterate represents the elderly group whose shopping decisions are made by younger members of their families.)

During 1958, daily circulation of all newspapers in Greece averaged 368,000 copies (of which 235,000 was of the Athens-Piraeus capital area dailies), divided evenly between morning and evening papers. The appended table lists the Athens-Piraeus dailies in order of importance by time of publication and in order of importance by commercial advertising in 1959. It is generally agreed that each newspaper has

NATIONAL DAILIES IN ATHENS AREA

In order of importance by time of publication

Morning papers

Kathimerini (The Daily)
Acropolis (The Acropolis)
Eleftheria (The Liberty)
To Vema (The Tribune)
Avghi (The Dawn)
Ethnikos Keryx (The National Herald)

Afternoon papers

Ta Nea (The News)
Athinaiki (The Athenian)
Apoyevmatini (The Afternoon Daily)
Vradyni (The Evening Daily)
Ethnos (The Nation)
Anexartitos Typos (The Independent Press
Estia (The Hearth)

In order of importance by volume of commercial advertising in 1959

Kathimerini (The Daily)
Eleftheria (The Liberty)
Acropolis (The Acropolis)
To Vema (The Tribune)
Ta Nea (The News)
Ethnos (The Nation)
Athinaiki (The Athenian)
Ethnikos Keryx (The National Herald)
Vradyni (The Evening Daily)
Avghi (The Dawn)
Apoyevmatini (The Afternoon Daily)
Anexartitos Typos (The Independent Pres
Estia (The Hearth)

three or more readers. Thus the daily press reaches about 25 per cent of the population and is an effective and powerful advertising medium. It has the largest share of the total press advertising and ranks first in advertising volume.

Advertising rates are more or less standard and comparatively high (special discounts are often obtainable from the smaller newspapers). The leading Athens daily will charge Drs.30 to Drs.80 ($1.00-2.60) per centimeter per column per day, depending on the day and the size of the advertisement (Sunday rates are over 30 per cent higher than those for weekdays).

The number of pages in Greek newspapers is limited to a maximum of 84 pages per fortnight (12 issues) per newspaper. Before the New Year and Easter, additional pages are allowed—for the New Year, six pages a week for four weeks prior to New Year's, and for Easter six pages a week for two weeks before. The maximum number of pages allowed annually is 2,220.

Weekly magazines come next in importance as advertising media and the six better known ones have a combined circulation of 400,000. They go to families and are a good choice for advertising special articles to reach the particular group that reads each. Cosmetics, for instance, if they are not too expensive and not top quality, should be advertised in one of the magazines favoured by the poorer and less educated classes, whose belles will buy them because the prices come within their means. Advertisements for expensive perfumes, on the other hand, will get attention in a more expensive magazine read by wealthy Athenian women.

Business magazines are limited in number but they reach the persons who have a real need for products associated with their trade. These magazines cover the automotive trade, architecture and construction, aviation, shipping, engineering, and chemicals, but their circulation is small and they are read in addition to, not instead of, the daily newspaper.

Radio Stations

Radio is gaining in significance as an advertising medium as the number of homes owning receivers increases, but its share of total advertising is still less than 10 per cent. The government-owned EIR (National Broadcasting Foundation), with a network of powerful medium and short-wave stations, is on the air 24 hours a day. A number of programs are broadcast and all of them include advertising. There are also about 15 smaller local transmitters, not part of any chain and scattered throughout the country, that also accept advertising. Radio sets are licensed by the EIR on payment of a quarterly fee so that there is a fairly accurate record of the number of sets. In the im-

Ἔφθασε
ἡ κουζίνα-ΡΟΜΠΟΤ!
ΑΡΜΟΣ

Η **AEG**
Πάντοτε πρωτοπόρος στή Βιομηχανία ἠλεκτρικῶν συσκευῶν, παρουσιάζει καί τώρα στό Ἑλληνικό κοινό τήν τελειότερη Ἠλεκτρική κουζίνα.

AEG de luxe

Η ΚΟΥΖΙΝΑ
ΠΟΥ ΜΑΓΕΙΡΕΥΕΙ ΜΟΝΗ ΤΗΣ

ΠΩΛΕΙΤΑΙ ΕΙΣ ΟΛΑ ΤΑ ΚΑΤΑΣΤΗΜΑΤΑ ΗΛΕΚΤΡΙΚΩΝ ΣΥΣΚΕΥΩΝ

AEG ΔΡΑΓΑΤΣΑΝΙΟΥ 6 - Τηλ. 29.233

portant Athens-Piraeus metropolitan area, about 80 per cent of all homes own a radio. In Greece's second city, Salonica in Northern Greece, this percentage falls to 70 and in smaller markets it is as low as 50. Rates are standard and reasonable but advertising programs are still considerably below West European and North American standards.

Filmstrips

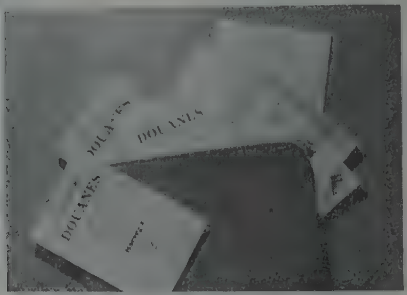
Filmstrips are gaining in popularity. They are shown at the beginning of each of the five shows in indoor cinemas during the winter and the two shows in open-air cinemas during the summer. (Theatres also pull down an "advertisements" curtain just before the performances.) Filmstrip advertising, however, is not yet as effective as press or radio, either because many of the strips are not of very high grade, or because it reaches a rather limited public.

Advertising Agencies

Advertising is rather a new profession in Greece. Although it started some 35 years ago and developed to some extent before World War II, it is only in the past decade that it has made real progress. At present there are some 20 agencies, with staffs ranging from 3 to 45 people, in the capital area; many of these are well organized and efficient. Some have North American contacts but definite affiliations have not yet been established. Given plenty of initiative and co-operation from the local agent of the foreign firm, the better agencies can decide on the best form of advertising for a product.

Greece is a small but interesting market for many Canadian suppliers, who would be well advised to consider advertising for promoting sales. Many local agents reques their principals to undertake or a least assist in an advertising program. Others ask only for suggestions and for cuts or blanks to be printed for point-of-sale distribution. Whatever the Canadian supplier's participation, there is no doubt that a well-planned advertising campaign will benefit his sales.

The office of the Canadian Commercial Counsellor in Athens will be happy to answer any inquiries from Canadian firms seeking more specific information on advertising in Greece. ●



Trade and Tariff Regulations

Ceylon

IMPORT CONTROLS ON TEXTILES AND GARMENTS—The Controller of Imports and Exports, Ceylon, has announced that, effective August 12, 1960, individual import licences are required for all textiles and garments imported into Ceylon from the dollar area, including Canada.

Dominican Republic

IMPORT CONTROLS—All imports into the Dominican Republic of over $1,000 in value are now subject to prior import registration. Effective May 9, 1960, all commercial imports and exports exceeding $1,000 must be registered in advance on a "Statistical Form" with the Special Import-Export Co-ordinating Committee of the Dominican Republic's Central Bank.

After registration, this form must be stamped by the Central Bank and copies supplied to the importer, commercial bank, and customs. Import quotas for some products, such as motor cars and electrical appliances, have already been established.

Before shipping, Canadian exporters should awai confirmation that the Dominican importer has receive proof of recording by this Export-Import Committee.

South Africa

REPRESENTATIONS RESPECTING THE TARIF —The South African Board of Trade announce recently that it has received the following representations respecting the tariff:

Increase in duty on:

1. All ladies' gloves
2. The following leather gloves:
   (a) all men's and ladies' unlined leather gloves
   (b) fleecy-lined leather gloves
   (c) men's and ladies' leather gloves lined with knitted wool
   (d) (i) wrist fur-lined men's and ladies' leather gloves
       (ii) full fur-lined men's and ladies' leather gloves
3. Plastic inflatables
4. Olive oil
5. Diesel locomotives (mechanical, hydraulic and electric)
6. Wooden garden trellis

Reduction in duty on:

1. Glucophage, a tablet for the treatment of certain types of diabetes

Rebate of duty on:

1. Downproof woven cotton fabrics for the manufacture of sleeping bags
2. Plasticized nitrocellulose and spun paper yarn for the manufacture of igniter cord
3. Mica (plates) for the manufacture of electrical elements
4. The following for the manufacture of polyurethane foam plastics:
   (a) polyether resins (polypropylene glycol)
   (b) butyl tin laurate catalysts
   (c) amine catalysts
5. Parts and sub-assemblies thereof for the manufacture of very high frequency mobile radio communication equipment
6. High grade chrome ore for the manufacture of high carbon ferro-chrome
7. Asbestos yarn for the manufacture of insulated electrical wire
8. Metal pressings and components for the manufacture of seats for motor vehicles.

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is to have their South African agents act on their behalf. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after they are announced.

United Kingdom

TEMPORARILY IMPORTED SAMPLES—Subject to certain conditions, commercial samples may be imported temporarily for soliciting orders in the United Kingdom without payment of customs duty or purchase tax. This concession may be claimed by commercial travellers and other representatives of firms abroad, or by persons or firms established in the United Kingdom. The conditions under which free entry may be claimed have been summarized in leaflet form. Requests for copies of this leaflet should be addressed to the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

United States

OCDM INVESTIGATION INTO IMPORTS OF HARD FIBER CORDAGE AND TWINE PRODUCTS—On September 7 notice was given in accordance with the provisions of section 8 (the so-called national security escape clause) of the Trade Agreements Extension Act of 1958 and OCDM Regulation No. 4, that the Director of the Office of Civil and Defense Mobilization has ordered an investigation to be undertaken to determine whether or not hard fiber cordage and twine products are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. In a previous investigation, concluded in May 1958, a determination was made that no threat to national security then existed. The current investigation will be concerned primarily with developments affecting cordage imports and the domestic industry since May 1958.

Trade Commissioner on Tour

H. A. GILBERT, Trade Commissioner in Bombay, India:

Winnipeg—Oct. 11-12   Vancouver—Oct. 13-21

When he completes his tour, Mr. Gilbert will be posted to Melbourne, Australia, as Commercial Counsellor.

Businessmen who wish to see Mr. Gilbert should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Tours of Territory

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from October 16-22.

P. A. FREYSENG, Assistant Commecial Secretary in Vienna, Austria, will visit Bucharest, Romania, and Sofia, Bulgaria, from November 22-30, and Budapest, Hungary, from December 13-16.

T. F. HARRIS, Consul and Trade Commissioner in New Orleans, will visit Dallas and Fort Worth in Texas, Tulsa and Oklahoma City in Oklahoma, and Little Rock in Arkansas, towards the end of October.

R. D. SIRRS, Vice Consul and Assistant Trade Commissioner in New York, will visit Philadelphia from October 10-11, Harrisburg October 12, and Pittsburg from October 13-14.

R. K. THOMSON, Commercia Counsellor in Vienna, Austria, will visit Belgrade, Zagreb and Ljubljana in Yugoslavia, from October 31-November 11, and Prague, Czechoslovakia, from December 5-9.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Campbell at Kingston, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Harris at New Orleans, and Mr. Sirrs at New York.

Paints and Varnishes

The Market in Hong Kong

Hong Kong manufacturers of paints and varnishes make most varieties used in the Colony and exports are substantial. Certain specialty paints are still imported but there is stiff competition from traditional suppliers and local producers.

D. J. McEACHRAN, *Assistant Trade Commissioner, Hong Kong.*

THE paint and varnish industry in Hong Kong, like most of the Colony's industries, lives largely on export earnings. About one-half of the average annual production of 11,000 long tons (about two million gallons) is exported to adjacent South East Asian countries; the remainder is consumed in the domestic market. Many of the industrial finishes sold in Hong Kong are used in factories that make goods for export. It can be estimated therefore that some 65 per cent (or about 7,000 tons), of total production is exported, either directly or indirectly. Several local producers even plan to set up branch plants in the smaller South East Asian countries.

Industry Is Expanding

Commercial production of paints, lacquers and varnishes began in Hong Kong in 1932 and grew rapidly up to World War II, when the four operating factories closed down. After the war, both the Government and private industry needed paint in vast quantities for reconstruction work. This sudden demand provided the impetus for the recovery and expansion of the local paint industry. Before the war the principal buyers preferred to import well known brands even though they were more expensive. But with the short supply of imported paints in 1946, consumers turned to the home product. Hong Kong's industry expanded to take advantage of this opportunity and has continued to progress steadily, maintaining a regular supply to the local market and at the same time increasing exports to neighbouring countries. Today there are some ten factories operating, nine of which are locally owned and managed; the other

Hong Kong manufacturers are steadily expanding the range of their output to include most varietie of paints, from the industrial to the decorative. These girls are using Hong Kong-made paints in the finishing of rattan baskets, in the paint spraying department of Chin Paint Mfg. Co. Ltd. in Hong Kong.

though locally managed, is associated with the English firm of Pinchin, Johnston and Associates Ltd. The industry now employs over 600 workers at wages varying from Can.$25 to Can.$100 a month.

Although about 65 per cent of all paints made in Hong Kong are the cheaper, general-purpose oil paints, the local industry makes a surprising variety, including emulsion, oil, plastic emulsion, synthetic, rubberized and epikot resin paints, plus many kinds of lacquers, marine varnishes and fabric dopes. The following is a detailed list of these products:

Emulsion paints
Linseed oil paste paints
Ready-mixed linseed oil paints
Distempers
Anti-corrosive primers
Marine paints
Anti-fouling paints
Non-slip deck paints
Tarpaulin-dressing paints
Blackboard paints
Flat enamels
Hard-gloss paints
Quick-drying enamels
Oil and gasoline-resistant enamels
Chemical-resistant finishes
Heat-resistant finishes
Furniture lacquers
Automotive lacquers
Cold cure lacquers
Translucent lacquers
Bituminous finishes
Wrinkle finishes
Hammer finishes
Concrete protective coatings
Paint removers
Thinners

The Government does not keep paint production and consumption statistics, but it does record imports, exports and re-exports. The following are estimated figures for 1958, approved by the local industry (1958 figures were considered the most representative):

Estimated Production and Consumption 1958

	(long tons)
Production	11,000
Plus imports	2,050
Sub-total	13,050
Minus exports	5,100
Sub-total	7,950
Minus re-exports	750
Net domestic consumption	7,200

The total amount of paint, varnish and lacquer produced in Hong Kong is divided about equally between industrial and decorative finishes. Of the 5,500 long tons of industrial finishes produced, about 70 per cent is used in local factories and the remaining 30 per cent is exported; of the decorative finishes, 60 per cent is exported and 40 per cent consumed by the domestic market. The industry's biggest customers are Thailand, Malaya, British Borneo, the Indo-Chinese States and Burma; the major suppliers are the United Kingdom (by far the largest), Denmark, the United States and Communist China. Imports during 1959 are shown in the following tables.

Hong Kong Imports of Paints, Enamels, Mastics

	1959	
	Quantity ('000 lb.)	Value (HK$)
United Kingdom	2,587	4,139
Denmark	285	681
United States	226	481
India	132	215
Malaya	76	176
West Germany	10	87
Netherlands	29	120
Communist China	87	82
Japan	113	182
Norway	21	33
Other countries	82	234
Total	3,648	6,430

Hong Kong Imports of Lacquers and Varnishes

	1959	
	Quantity ('000 lb.)	Value (HK$)
Communist China	50	234
Indo-China	130	220
Thailand	53	199
United States	56	119
United Kingdom	38	78
Netherlands	40	39
Other countries	16	56
Total	383	945

Imports of paints have remained relatively stable over the past five years, though lacquers have shown a steady downward trend. This may be attributed to the recent successful advance in the local manufacture of these more specialized protective and decorative coverings.

Despite the postwar expansion of the local paint industry, substantial quantities of paints and a certain amount of lacquers are still imported. It is estimated that 17 per cent of Hong Kong's consumption of some 7,200 long tons of paint and varnish comes from abroad. There are several reasons for this. Traditional U.K. suppliers are strongly represented here and capitalize on the preference that still exists for British products. Marine and underwater compositions not yet manufactured in Hong Kong must also be brought in. In addition, the three armed services are committed to draw U.K. supplies, which meet British defence specifications, for their needs in the Far East; it is estimated that about 10 to 15 per cent of paints imported into Hong Kong are used for this purpose. Local factories are at present developing paints to meet British specifications, however, and it is to be expected that these imports will decline in a few years. United States sales to Hong Kong generally consist of specialty marine paints and finishes. Although some of these go into the local export shipbuilding trade, most of them are sold to U.S. shipping companies that demand paints of U.S. origin.

Few Import Regulations

Hong Kong is usually thought of as a tariff-free port, and though this is largely true, there are a few commodities that are dutiable. One of these is light hydrocarbon oils—paint imports are therefore dutiable on their hydrocarbon-oil content. The applicable rate of duty is HK$1.25 (equivalent to about 22 Canadian cents) per imperial gallon of oil. Local manufacturers importing oils for making paint and paint products for re-export are allowed a drawback of duties paid. There are no import regulations that preclude any country from selling paints in the Hong Kong market. Import licences are not needed and dollar exchange is readily available. Packing in both U.S. and imperial gallons is acceptable, though the U.S. measure, used by most local producers, is generally more successful.

Sizing Up the Competition

Over the past seven years, Canada has sold no paints, varnishes or lacquers to Hong Kong, and with expanding local production and the preferred position of British suppliers, this situation is unlikely to change. Chemical raw materials including nitro-cellulose, cellulose acetate, pigments, synthetic resins and latexes for the Hong Kong paint industry are supplied largely by Western European countries, especially the Netherlands, the U.K. and West Germany. The linseed, tung and wood oils come mainly from Communist China, India and the United Kingdom, and most solvents are obtained from local oil companies. Canada has supplied small amounts of aluminum paste, synthetic latex and compounded solvents, but it is believed that these were not used in the paint, varnish or lacquer industries. ●

The Market in Ceylon

British hold major share of market, but Canadians might sell certain types and also raw materials, aided by preferential tariff and good sales promotion.

I. V. MACDONALD, *Commercial Secretary, Colombo.*

CANADIAN paints and varnishes are not yet a factor in the Ceylon market although total imports, chiefly from the United Kingdom, have been increasing steadily in recent years and in 1959 approached $2 million. There is some local manufacture of paints and therefore a limited market for raw materials used in them.

A local paint and French-polish industry has been in existence in Ceylon on a small scale for many years. Before the war it was carried on by paint importers in the bazaar, some of whom mixed their own paints from imported stiff paints and linseed oil. French polish and spirit varnishes were made by cold mixing. Since the war this practice has declined, as bazaar paint importers find it more advantageous to import their paints ready-mixed from Britain, packed in brightly coloured lithographed tins and sold on the basis of weight; four-, seven- and fourteen-pound tins are the usual sizes.

French polish is no longer produced in significant quantities in Ceylon. The practice now is for local merchants to import it in 10- and 40-gallon drums (chiefly from about four British manufacturers) and repack in glass bottles under their own brand names.

Paint production was begun in Ceylon as a wartime emergency measure and now includes oil-based house paint, synthetic resin enamels, and PVA emulsion paints. Local capacity is probably sufficient to meet about 25 per cent of Ceylon's annual consumption but has not reached this market volume because of import competition, despite concessionary rates of duty on raw materials and reasonably high British preferential and general tariffs on finished products as follows: paints 25 and 30 per cent, varnishes 35 and 45 per cent. Duty on lead pigments, titanium dioxide, pigment colours, linseed oils and linseed stand oil is 2½ per cent British preferential and 12½ per cent general, and on natural gum turpentine, 2½ and 7½ per cent.

In addition to the single manufacturer of good quality paints in Ceylon, a number of small enterprises are engaged in mixing imported stiff (paste) paints with linseed oil and turpentine and offer their products locally at low prices. The concessionary rates of duty on raw materials are extended to these paint-mixing establishments as well as to the manufacturer.

Size of Market

Ceylon imported in 1959 approximately 57,000 cwt. of paint worth about Rs.7.5 million; 24,000 gallons of varnish valued at Rs.300,000, and 3,200 gallons of painters colours valued at Rs.1.2 million (Figures for the first quarter of 1960 show a slight decline from the same period of 1959.) Because import figures are not broken down by types and qualities it is not possible to assess directly the significance of the total figure for potential Canadian exporters. However, local importers have advised that a very large proportion of sales are of well-known high-quality U.K. branded lines of general purpose ready-mixed paint, aluminum paint, emulsion paint, air-drying enamels and (to a lesser extent) marine and other special purpose finishes Another popular type of coating is supplied by a British portland cement company and marketed under the trade name "Snowcem" This product has largely replaced the cream-tinted limewash which was formerly used on the exterior of lime-plastered buildings throughout the island. However, leading U.K.

CHIEF IMPORTS OF VARNISH, PREPARED PAINTS, ETC., INTO CEYLON

Country of Origin	1957 Quantity (gallons)	1957 Value (Rs.)	1958 Quantity (gallons)	1958 Value (Rs.)	1959 Quantity (gallons)	1959 Value (Rs.)
Varnish:						
United Kingdom	15,259	202,593	11,867	158,532	19,677	260,140
India	3,025	21,258	2,351	17,660	2,722	22,617
Singapore	103	953			48	5,610
South Africa	6	26				
Belgium					578	5,225
West Germany	100	1,163			157	2,284
United States	441	5,030	157	2,280	254	2,766
Total, including all suppliers	20,128	243,461	14,638	181,789	23,648	301,719
Painters' Colours and Enamels:						
United Kingdom	2,752	649,324	1,953	605,383	2,894	887,384
West Germany	36	10,452	8	3,255	31	7,741
Italy			4	117,254	19	165,910
Japan	21	6,098	19	3,589	110	22,118
United States	127	31,363	4	939	151	32,361
Total, including all suppliers	3,049	702,251	1,998	730,977	3,211	1,117,369

Country of Origin	1957 Quantity (Cwt.)	1957 Value (Rs.)	1958 Quantity (Cwt.)	1958 Value (Rs.)	1959 Quantity (Cwt.)	1959 Value (Rs.)
Prepared Paints, Enamels, Lacquers, Varnishes, Artists' Colours, Siccatives (Paint Driers) and Mastics:						
United Kingdom	33,151	4,314,120	39,475	4,838,553	54,768	7,085,585
Australia	180	43,584	91	21,156	108	26,969
India	884	62,646	511	50,079	1,054	87,063
Malaya	621	69,494	694	65,305	311	31,338
Singapore	113	11,072	85	12,424	66	8,300
Belgium	428	12,720	259	7,352	392	17,782
Denmark	18	2,582	79	13,590	86	19,611
West Germany	207	26,275	40	9,219	127	21,104
United States	2,143	193,366	698	138,645	819	139,281
Total, including all suppliers	37,898	4,757,411	42,064	5,177,217	57,844	7,451,279

(Canadian $1=Rs.5.00 Ceylon currency)

rands—which are supported by onsistent local advertising—are CI's Duco, Dulux and Pentalite; ensen and Nicholson's Robbialac, nd those of the Red Hand Comosition Company, Goodlass Wall nd Company, British Paints, Peroglaze, Thos. MacIntyre and ompany and the Walpamur Paint ompany. Of these the ICI roducts are by far the most idely sold, followed by Thos. Mactyre and Walpamur. Non-Comonwealth imports have been small ut picked up slightly in 1959; chief upplier was the Paraffine Company f San Francisco (Pabco brand).

Packing for the most part conforms to British imperial standards although other measures are acceptable, for the present at least, provided that the British equivalent is stated on the label. Most paints are sold on the basis of the imperial gallon, although stiff paint and some cheaper quality ready-mix paints are sold on the basis of weight in one- to 28-pound tins, net weight. Attractive packaging and labelling accompanied by sales aids such as colour cards, showcards, leaflets and advertising are usually necessary to promote sales, but price can be an important factor, especially in the bazaar trade. British firms supplement their agents' efforts by sending out their own representatives regularly to assist in pushing their paint brands; as a result of these combined efforts, the market has become very brand conscious. The prominence of brand names is an obstacle to the introduction of Canadian paint but tends to ensure a more permanent return on promotion outlays. Sales promotion does not usually involve easier payment terms on the part of the overseas supplier. Letter of credit terms are common, particularly for new connections, and consignment shipments are practically unknown.

Canadian Opportunities

Because of the entrenched position of traditional suppliers enjoying lower freight rates, Ceylon will not be an easy market in which to introduce Canadian paints. However, there are no restrictions on imports of this product from the dollar area and Canada, with Britain, enjoys a tariff preference on paints, varnishes and raw materials. Best prospects are for sale of better quality, alkyd-resin-based enamels for wood and metalwork and PVA-based emulsion paint. Special Canadian anti-corrosive and marine paint might also find a good demand where it has already proved its acceptability in export markets. A cement-bound coating of the type used widely for exteriors in Ceylon should find good openings if it is competitively priced. Local traders recall a Canadian brand of cement-based paint that sold well before the war but was barred from the market by dollar exchange restrictions.

Demand for good quality paint in Ceylon is expanding. Canadian manufacturers should explore the possibilities here, keeping in mind that three important ingredients for success are a competitive product, adequate sales promotion, and an ambitious representative. In selecting agents and importers, the Canadian Commercial Secretary is always ready to assist Canadian firms. ●

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02564.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 26	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01182	84.60	(1
Austria	Schilling		.03768	26.54	
Australia	Pound		2.1912	.4564	
Bahamas	Pound		2.7390	.3651	
Belgium and Luxembourg	Franc		.01954	51.18	
Bermuda	Pound		2.7390	.3651	
Bolivia	Boliviano	Free	.00008534	11,717.83	
British Guiana	Dollar		.5706	1.75	
British Honduras	Dollar		.6848	1.46	
Brazil	Cruzeiro	General Category*	.004266	234.38	*Sept. 6 (2
		Special Category	.001826	547.61	
		Official selling	.05155	19.40	(3
Burma	Kyat		.2048	4.88	
Ceylon	Rupee		.2054	4.87	
Chile	Escudo	Free	.9268	1.07899	(4
Colombia	Peso	Certificate	.1455	6.87	
Congo, Republic of	Franc		.01954	51.18	
Costa Rica	Colon	Official	.1736	5.76	
		Controlled free	.1466	6.82	
Cuba	Peso		.9750	1.02564	tax 2
Czechoslovakia	Koruna		.1354	7.38	
Denmark	Krone		.1417	7.06	
Dominican Republic	Peso		.9750	1.02564	
Ecuador	Sucre	Official	.06500	15.38	
		Free	.05702	17.54	
Egyptian Region, United Arab Rep.	Pound	Official	2.7998	.3572	
		Export account selling	2.4100	.4149	
El Salvador	Colon		.3900	2.56	
Fiji	Pound		2.4676	.4052	
Finland	Markka		.003047	328.19	
France, Monaco, etc.	New Franc		.1990	5.02	(5
French Territories, Africa, etc.	Franc		.003980	251.26	(6
French Pacific	Franc		.01095	91.32	(7
Germany	D Mark		.2338	4.28	
Ghana	Pound		2.7390	.3651	
Greece	Drachma		.03250	30.77	
Guatemala	Quetzal		.9750	1.02564	
Haiti	Gourde		.1950	5.13	
Honduras	Lempira		.4875	2.05	
Hong Kong	Dollar	Free*	.1712	5.84	*Sept.
		Official	.1712	5.84	
Iceland	Krona	Official	.02566	38.97	(8
India	Rupee		.2054	4.87	
Indonesia	Rupiah	Official	.02167	46.15	(9
Iran	Rial		.01287	77.69	
Iraq	Dinar		2.7300	.3663	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 26	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7390	.3651	
Israel	Pound		5417	1.85	
Italy	Lira		.001571	636.54	
Japan	Yen		.002709	369.14	
Lebanon	Pound	Free	3062	3.26	
Mexico	Peso		.07800	12.82	
Netherlands	Florin		.2586	3.87	
Netherlands Antilles	Florin		.5211	1.92	
New Zealand	Pound		2.7390	.3651	
Nicaragua	Cordoba	Effective buying	.1477	6.77	
		Official selling	.1383	7.23	
Nigeria	Pound		2.7390	.3651	
Norway	Krone		.1369	7.30	
Pakistan	Rupee		.2054	4.87	
Panama	Balboa		.9750	1.02564	
Paraguay	Guarani	Official	.007927	126.15	
Peru	Sol		.03621	27.62	
Philippines	Peso		.4875	2.05	
Portugal & Colonies	Escudo		.03403	29.38	(9)
Singapore and Malaya	Straits Dollar		.3196	3 13	
Spain and Dependencies	Peseta		.01625	61.54	
Sweden	Krona		.1889	5.29	
Switzerland	Franc		.2265	4.41	
Syrian Region, United Arab Rep.	Pound	Free	.2725	3.67	
Thailand	Baht	Free	.04607	21.71	(8)
Turkey	Lira		.1083	9.23	(8)
Union of South Africa	Pound		2.7390	.3651	
United Kingdom	Pound		2.7390	.3651	
United States	Dollar		.9750	1.02564	
Uruguay	Peso	Free	.08534	11.72	(10)
Venezuela	Bolivar		.2910	3.44	
West Indies Fed.	Dollar		.5706	1.75	(11)
	Pound		2.7390	.3651	(12)
Yugoslavia	Dinar	Official	.003250	307.69	(8)
		Settlement rate	.001547	648.20	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Businessman's Bookshelf

Capital, Interest and Profits

By Burton S. Keirstead. 180 pages. $3.75.

WHAT governs the formation of new investment capital? How are interest rates determined? These questions are just as important to businessmen as to economists and, in his new book, Burton S. Keirstead has produced answers that will be of interest to both. Written in a straightforward style (which has profited by the author's four previous works), this is a book for practitioners as well as students.

The newcomer to economic theory will find that Professor Keirstead has provided a concise review of past contributions to his subject matter. He will also find, however, that they are promptly rejected. For the economic "models"—which tend to treat capital, interest and profits in splendid isolation—Keirstead substitutes a hypothesis in which the three elements work together in a practical relationship. What, he asks, is responsible for the creation of new capital? The decision of entrepreneurs to invest. And why do they invest? Because, after considering general expectations about the national economy and particular expectations within their own market, they foresee a profit. The rate of interest, contrary to traditional opinion, is not the prime consideration in this decision nor is the interest rate itself a product of that hoary concept, "abstinence".

Capital, Interest and Profits is a book in which some cherished economic theories are laid by the heels. It will probably be the center of controversy for some time to come and for that reason, among others, it is well worth reading.

Published by: The Macmillan Company of Canada Limited, 70 Bond Street, Toronto, Ontario.

Acronyms Dictionary

Gale Research Company. 192 pages. $10.00.

ACRONYMS, in case you don't know, are words formed from the initial letters of other words. Some of these, such as NATO, CARE, UN, etc., are widely current but others you may find confusing. If so, this unusual dictionary will help. It is a guide to the alphabetical designations of associations, societies, non-profit organizations, international organizations, United Nations agencies, business firms, colleges and universitie aerospace and electronic equipment and terms, trans portation facilities, military terms and general term In all, there are over 12,000 listings.

Because the main emphasis is on acronyms in us in the United States, it has some drawbacks from th Canadian point of view. However, for the businessme who has to deal with today's "alphabet soup" it is good reference.

Order from: Gale Research Company, 34th Floo Book Tower, Detroit 26, Michigan.

A Review of Commonwealth Raw Materials Vol.

Commonwealth Economic Committee. 412 pages. $4.75.

POSTWAR demand for raw materials has met wi a vigorous response from the Commonwealth. Produ tive capacity, involving heavy capital expenditur has undergone widespread expansion and this h increased the Commonwealth's share of the free wor total.

This volume gives a detailed study of the raw mat rial position in the Commonwealth and brings up-t date some of the principal features of the general revie published in Volume I, in 1958. Each country studied individually and comparisons are made betwee the period 1935-37 and 1949-57. (The statistics o not go beyond 1957.)

Order from: United Kingdom Information Offic 119 Adelaide St. W., Toronto, Ontario.

Contract and Supply Procedure in Ghana

Prime Minister's Office, Ghana. 12 pages. Free.

ANY company supplying or able to supply t Ghanaian Government with goods and services will interested in the information contained in this bookl It gives in detail the procedure which Ministrie Departments, Statutory Corporations and other gover ment bodies in Ghana must follow when letting co tracts. The exporter who wishes to participate in t Ghanaian market will want a copy.

Order from: The Government Printer, Accra, Gha

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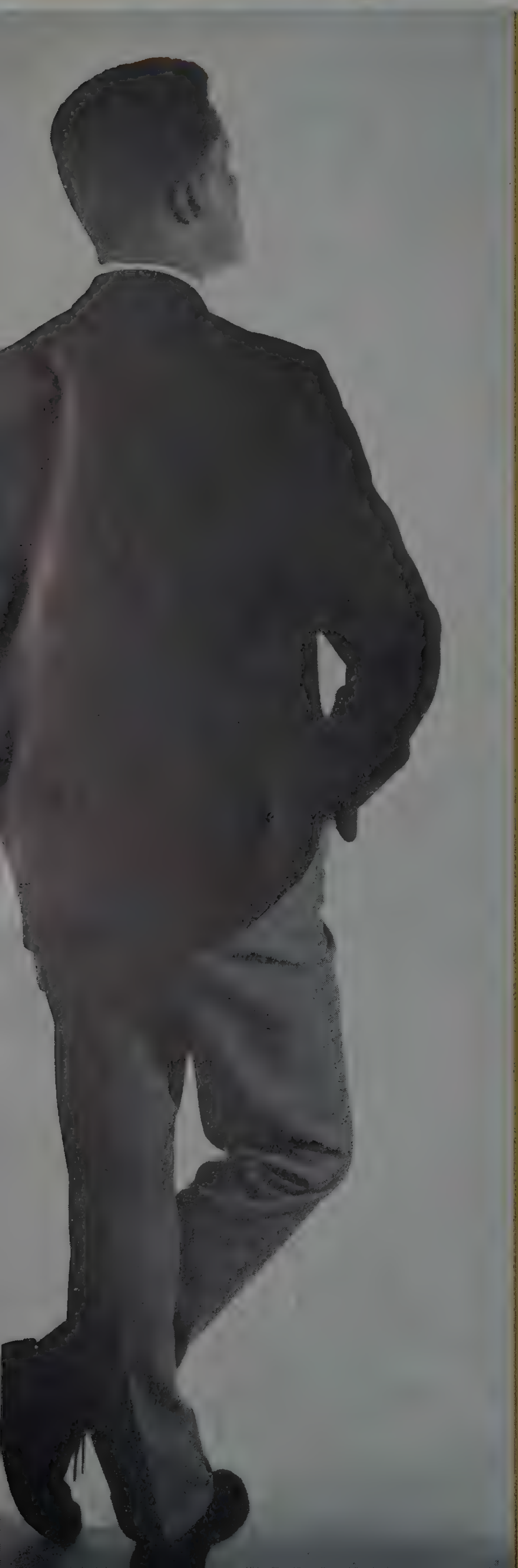

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U.S.A.

OCTOBER 22, 1960

foreign trade

ADA

BRITAIN WELCOMES CANADIAN FOOD MISSION (page two)

Established in 1904

foreign trade

OTTAWA, OCTOBER 22, 1960 Vol. 114, No. 9

cover Ben Ormseth (left), president of the Canadian Food Processors' Association, acted as spokesman for the 12-man Canadian Food Mission that visited the United Kingdom in September. Here he points out a special feature of Canada's exhibit at the British Food Fair to F. J. Monkhouse, of the Food Manufacturers Federation Inc., of London and chairman of the Fair's Exhibition Committee. For a report on the Mission's activities and some of its findings, turn to page two.

CANADA

2 **Britain Welcomes Canadian Food Mission . . .** *which spent 16 days in the U.K., visited six centres, investigated markets for our food products.*

5 **Mexican Agriculture: Will Imports Expand? . . .** *this careful study of what agricultural products Mexico imports may suggest opportunities to our exporters.*

10 **Peru Offers Engineering Opportunities . . .** *a review of current or projected development projects in Peru, as a guide to engineering firms here.*

13 **Lebanon's Commerce Improves . . .** *our Beirut office asserts—and offers facts and figures to prove it.*

18 **Canada's Trade Fair Program . . .** *participation in some of these 1961 fairs abroad may prove best way to introduce your products to overseas customers.*

8 **Angola Suffers Trade Deficit**

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Britain Welcom

From two-week tour of the United Kingdom, the Canadian Food Mission returned recently with sound understanding of an active, highly competitive market, and ideas on how to sell the British consumer on our quality food products.

W. ADAIR STEWART, *Assistant Agricultural Secretary, London.*

LIKE most Britons, members of the U.K. food trade have a warm spot in their hearts for Canadians and a real desire to do business with them. In a market full of competitors from all over the world, however, success requires more than friendship and goodwill. Such practical considerations as quality, price, continuity of supply, and proper merchandising methods are fundamental.

That, in essence, was the conclusion reached by the 12-man Canadian Food Mission to the United Kingdom, following its two-week, fact-finding tour of the major marketing centres.

Even the weather, which had been on the cool, damp side in previous weeks, co-operated to make the mission's tour a pleasant experience. By the time their trans-atlantic jet plane had touched down at London airport shortly before noon on September 10th, bright autumn sunshine had burned off the ground fog and two weeks of fine weather had begun.

Food Fair Visited

Although the improvement during the late 1950's in the British economic climate had more direct bearing on the mission's visit than did the weather on this 1960 morning, the sunny skies seemed a good omen and helped compensate for the disconcerting fact of eastward jet-age travel which brings high noon forth at breakfast time.

As one member cheerfully put it, the arrival was more auspicious than his previous one on a troop ship nearly twenty years ago. One might wonder, though, whether a look at the schedule, which outlined a straight succession of busy days, may not have provoked a reminiscence of obstacle courses and battle drill. In fact, at least one London newspaper called the mission's visit an "invasion". The atmosphere of later events belied such a description, however.

The mission's job of work began in London, always one of the world's busiest food marketing centres, but particularly food conscious at this point because of the Food Fair which was taking place.

Arrival of the mission during the Fair—in which the Canadian Government was taking part for the first time—was a planned coincidence, designed to provide a concentration of, and draw attention to, Canada's efforts to gain a larger share of the U.K. food market, encouraged recently by the relaxation of import controls.

The formalities of launching the mission's visit officially included a call on the President of the Board of Trade, a press conference, and a mid-day reception at Canada House attended by leading figures in government and the food trade.

At the Food Fair, the members got their first look at Canadian goods being offered to the British buying public and also at the impressive selection that the competition had on display.

Their visit could hardly be better described than in the words of one member who termed it an "eye-opener". Seeing the food products of twenty other countries, not including Canada and the United Kingdom, on show at hundreds of stands, was indeed a revelation and striking proof that other traditional and hopeful suppliers to the British market are going full-out to fit their products to its demands.

Touring Britain

This experience of the mission at the Food Fair was only the beginning, but during the next two weeks this lesson was repeated many times. In Manchester, for example, a large co-operative organization took the mission to its food-testing labratory where cuttings of canned goods from all suppliers were made for examination. Typically, this organization, which is connected with tens of thousands of retail outlets, takes nothing for granted when it comes to assessing quality and Canadian goods can expect to be put to the same critical tests as any others.

Life in Britain followed a pattern within which there was a certain amount of variety. Everywhere, however, hospitality and frankness were the keynotes. Public officials, trade organizations, chambers of commerce and everyone else interested in the members and their mission extended warm and helpful co-operation.

There were many examples during the tour of the high regard in

anadian Food Mission

which Canada and Canadians are held but probably none was more expressive than the gesture of the Lord Provost of Glasgow, who wore a maple leaf pin during the ceremony of meeting the mission.

Assessing the Results

Having gone full circle, the mission returned to London on September 26th and came together at Canada House with the Canadian commercial and economic officers in London and representatives of the provincial governments for a seminar, chaired by the Acting High Commissioner, in which they assessed the results of their activities and evaluated the degree of success.

There was unanimous agreement that, within its terms of reference as a fact-finding group, it had achieved its objectives. A great deal of information about the British food market, the prospects for increased Canadian sales there, and the methods required to achieve that end—information which could not have been so usefully collected otherwise—had been obtained. At this point it remained for the members to report back fully to their association members on what they had learned and on how their parts of the food-processing industry could best apply this knowledge. These reports will be produced in the near future and it is hoped that those to whom they are directed will give them the serious consideration they deserve.

Some general facts that emerged must be common to all advice given about the advancing of Canadian food sales in the British market. It is worth repeating that good will alone will not re-establish our foodstuffs. It was apparent that Canada's reputation for quality products is

Members of the Mission

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President, Canadian Food Processors Association
Past President, Ontario Food Processors Association

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President, Ontario Food Processors Association
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PAUL V. McLANE
Canadian Trade Commissioner, Glasgow

well remembered and generally well deserved. In the twenty years that many of our products have been out of the market, however, there has been a steady improvement in the quality of both domestic and foreign produce which has access to this market. And in recent years the quality of certain of our products reaching here has actually suffered by comparison.

Advice to Exporters

Since it is a matter, in many instances, of re-establishing a place in this market, where does a Canadian exporter begin? To this question, the agreed answer was that the U.K. trade must first of all be convinced of the Canadians' sincere desire to do business. The technique is obvious and simple. Bring some samples and compare them with present supplies for quality and price and then prove to the importer, wholesaler and retailer that you are ready to sell on a continuing basis.

Remember also that the U.K. food trade is regional in character and distributors outside of London sometimes prefer, and often insist on, doing business direct with the Canadian principal. They point out, rightly, that they are in the best position to do business in their own territory. In fact, they sometimes are the only firms in a position to do business there. It must also be remembered that 50 per cent of the retail food trade in the U.K. still is handled by independent grocers. Coverage of the chains and supermarkets is only half the job. In many instances the "independent" will not welcome products whose labels also appear in the chain stores. Two or more labels may be necessary for full distribution.

Finally, the consumer must be won over to acceptance of Canadian foodstuffs at a price that will almost invariably be at the top. The trade does not consider this entirely, or even largely, its responsibility so assistance from Canada will be necessary to swing the program.

Some thought was given to a plan under which a distinctive Canadian symbol would be incorporated in the labels on exporters' products. It would be necessary to apply rigid quality standards to goods qualifying for the symbol and to maintain careful control of distribution.

During the trip this suggestion was discussed with importers, wholesalers and retailers and met general approval among them. The members of the mission were thus encouraged to report the proposal back to their associations with endorsement.

The prospect then, as the mission saw it, is that in the long run Canadian food products can take a larger share of the British market if quality is maintained and prices are reasonable. It will not be an easy task to get them re-established and it may be an expensive one, but there is a good, sound basis for proceeding with it.

If you are a food processor and would like to discover how your products may stand in the market, we strongly recommend that you obtain a copy of the appropriate mission member's report and study it carefully.

The Agricultural Secretary, Canada House, London, welcomes individual inquiries and will give full assistance to the inquirer. ●

CANA
DA
CLOVER

At the British Food Fair, which ran for 17 days in September at Olympia, London, a British housewife has her questions about Canadian fish products answered by a genial attendant at the display put on by British Columbia Packers Ltd. At the right is J. Norman Hyland, a director and vice-president (sales) of the company, who was also a member of the Canadian Food Mission. Standing beside him is R. W. Train, of Macpherson, Train and Co., the U.K. representative for B.C. Packers. The Mission spent some time doing consumer research at the Fair.

Mexican Agriculture

Will Imports Expand?

Mexican farm production is rising, though the country must import some agricultural products to meet growing consumer demand. Canada stands to profit—if suppliers can compete.

W. M. MINER,
Assistant Commercial Secretary,
Mexico, D.F.

AGRICULTURE plays an extremely important rôle in the Mexican economy. In this big country, some 58 per cent of the population of 35 million derives its income from farming and everyone is affected by it. It is a major contributor to the gross national product and to export trade. Farm products constitute about 40 per cent of total exports—a significant proportion in an economy with substantial industrial development.

Despite this dependence on agriculture, Mexico is also a big importer of primary and semi-processed agricultural products, with imports ranging from U.S.$57 million to $106 million a year. Canada is a major buyer of Mexican agricultural exports but our share of Mexican imports of farm products is relatively insignificant. This is an interesting situation because Canada offers many of the products that Mexico needs, and the distance between us is not great.

Mexican agriculture is developing rapidly and market patterns are changing. Purchases of some cereals, fats, oils, eggs and other products decline as local production expands, but other agricultural imports are rising and the over-all market remains substantial. Despite this, our sales to Mexico are disappointingly low, though they are fairly constant. On the other hand, our purchases have mushroomed so that we have a heavy imbalance of trade with Mexico in agricultural products.

The principal groups of agricultural products that Mexico buys are shown in Table I. The figures reveal that Canada is an insignificant supplier except of live animals, some fruits and vegetables, and animal foods. With the exception of sales of purebred Holstein-Friesian cattle, apple juice, and certain animal foods (a large proportion of these contain marine meal), our share is negligible. It is true that some Canadian products move to Mexico through the United States and appear in the statistics as sales from the U.S. (see Note 1 in the table), but this does not change the picture significantly. On the other hand, Canada is gaining importance as a buyer of Mexico's agricultural exports. Table II shows principal Canadian imports of Mexican farm goods. These purchases contributed substantially to the 1959 surplus in Mexico's trade balance with Canada.

Market Is Growing

Despite increased home production, the market for agricultural products is large, principally because of rising standards of living, government measures to expand agriculture, and growing population. Of course, agricultural expansion means that certain commodities are no longer imported as the country approaches self-sufficency; this applies particularly to cereals, oils and fats. Imports of corn, for example, fell from 691 million pesos in 1957 to 24 million last year. Mexico has not bought wheat in quantity since 1956. Imports of barley for brewing have also declined, and purchases of soya oil have dropped from 62 million pesos in 1957 to 720,000 last year. Nevertheless, expanding agriculture brings growing markets for breeding livestock, animal foods, pedigree chicks and seeds.

Higher incomes and a larger population open up markets for more consumer goods when local supplies are insufficient or non-existent. These influences affect the demand for imported prepared meats, powdered milk, certain types of fruit and vegetable products, and tobacco leaf.

The policy of the Mexican Government as it affects this trade is clearly defined. All phases of the industry are promoted, and direct assistance to agriculture ranks high among government expenditures. Aid takes the form of irrigation projects; credits for buying breeding stock, machinery, seeds and supplies; assistance in developing meat-packing plants, and experimental work, particularly in tropical agriculture. In addition, the Government encourages growing of certain crops by price-support programs and protects producers through high tariffs and import restrictions. With good growing conditions, these programs have boosted production of most crops, particularly wheat, corn, beans and rice.

Encouraged by government assistance, production is expected to go on rising—depending, of course, on the weather. Trade restrictions will reduce imports of products available locally, except for commodities needed in agricultural expansion and those in insufficient supply to meet domestic demand.

On the export side, sales will be promoted more vigorously, and the variety and volume of Mexican products reaching foreign markets can be expected to increase. These sales are essential to help finance the country's economic development. It is probable that Canada will continue to be an important and possibly growing market for Mexican farm products.

Imports Analyzed

The following information about Mexican imports shown in Table I may be helpful to exporters in assessing sales potential.

TABLE I

MEXICAN IMPORTS OF AGRICULTURAL PRODUCTS[1]

	1956	1958	1959
		('000 pesos)[2]	
Live animals			
Total	84,795	44,292	54,858
United States	67,657	40,677	50,702
Canada	17,616	2,993	3,811
Meat and meat preparations			
Total	18,080	19,676	39,270
United States	12,059	11,414	28,645
Canada	5	4	2
Dairy products, eggs, honey			
Total	46,279	31,055	35,301
United States	37,714	26,207	29,515
Canada	191	98	132
Cereals, grains, feculae, flours			
Total	227,935	697,840	130,763
United States	227,011	689,627	128,790
Canada	48	71	1
Fruits and vegetables			
Total	24,831	37,879	43,502
United States	18,520	29,520	34,587
Canada	553	895	1,630
Vegetable products for preparation of edible products or beverages			
Total	37,777	30,816	32,758
United States	36,862	29,819	30,826
Canada	288	2	26
Animal foods			
Total	58,813	72,189	73,092
United States	54,027	62,796	55,586
Canada	2	538	4,106
Cattle hides and skins			
Total	82,782	48,854	81,672
United States	74,154	37,689	67,416
Canada	238	221	103
Seeds, fruits and plants for sowing			
Total	41,058	30,747	43,737
United States	28,950	19,546	28,333
Canada	3		4
Fatty materials, non-lubricants of animal and vegetable origin (not including marine animals)			
Total	113,946	159,863	39,599
United States	108,500	150,669	32,302
Canada	247	120	
Sugar, syrups and their preparations			
Total	79,348	1,290	1,112
United States	879	870	970
Canada	2	2	1
Tobacco leaf			
Total	36,256	55,376	91,132
United States	36,184	55,043	90,788
Canada	none	none	none
Other products			
Coffee, cocoa, tea and preparations	27,287	27,465	22,928
Animal and vegetable products for industrial use (except seeds, etc., for sowing)	21,062	20,006	19,476
Other foods, such as yeast, lard, and preserves, n.o.p.	12,875	1,560	3,086
Total imports			
in pesos	913,124	1,278,108	712,286
in U.S. dollars	73,050	102,244	56,983

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[1] Source: Dirección General de Estadística.

Table excludes textile fibres, rubber, alcohol and beverages, and most processed goods. Mexican statistics include some transhipments through the United States as originating in that country. This inflates U.S. figures to some extent. It also decreases the totals shown as coming from Canada, particularly for skim milk powder and fresh pork.

[2] One peso=U.S.$0.08.

- *Live animals*—Principal purchases consist of purebred animals for basic breeding stock. The Gov-

TABLE II

PRINCIPAL CANADIAN IMPORTS OF MEXICAN AGRICULTURAL PRODUCTS

	1957	1958	1959
		('000 Can.$)	
Raw cotton	4,699	12,809	19,019
Fresh tomatoes	2,626	5,154	3,508
Green coffee	3,399	2,889	2,513
Green peanuts	3,055	2,017	1,054
Sisal, istle, Tampico fibre	548	401	776
Rice	387	394	709
Melons, muskmelons and cantaloupe, fresh	376	600	604
Frozen strawberries	80	162	288
Oranges	84	2,119	264
Fruit juices and pulp	291	1,162	208
Vegetable fibre for brushes	189	206	131

Source: Dominion Bureau of Statistics.

ernment plans to develop the livestock industry and will import more purebred beef and dairy cattle, sheep, swine and pedigree chicks. Canada's sales up to now have been largely Holstein-Friesian cattle and pedigree cross-Leghorn chicks.

- *Meat and meat preparations*—Fresh, chilled, or frozen meats and meat products account for about one-third of imports in this classification. Animal viscera and glands are most important, but purchases of poultry, pork and bacon each exceeded one million pesos last year. United States landed prices for these meats are difficult to match.

There is growing demand for prepared meats but many countries are exploiting this potential and competition is keen. As the domestic livestock industry develops, Mexico will probably reduce imports in this classification. The principal commodity, by value, in the group is edible gelatin and the United States monopolizes the market, followed by France. A local company is making this product.

- *Dairy products and eggs*—The major import is dry skim milk powder, bought by a government agency. Price is the determining factor and in recent months Canada has participated in the market. Butter and cheese are also brought in but European countries are the main suppliers. Fresh eggs have been imported but Mexico is striving for self-sufficiency in production of poultry and poultry products and the local supply of eggs is generally considered adequate for present needs.

- *Cereals, grains and flours*—Total imports vary greatly from year to year and in 1959 were much lower than in the two previous years. This is almost entirely the result of reduced imports of corn because of ample local production. Wheat has not been purchased since 1956 because the country has become self-sufficient, but acreage is considerably reduced this season and a tight supply position may develop. Oats and barley are being imported but local production is rising and, with favourable weather conditions, may meet local demand, with the exception of a few specialized grains and grain products.

- *Fruits and vegetables*—This group encompasses a wide range of fresh and prepared products and it is difficult to generalize on trade

Among the fruit grown in Mexico is bananas; in an average year she produces over 200,000 tons and earns about U.S.$1 million from exports. Here workers on a Campeche banana plantation are disinfecting stems of green bananas before wrapping them in polyethylene film for shipping.

opportunities. The over-all market is expanding but many of the more important products are not exported from Canada. Demand for imported fresh and preserved fruits is limited but a few specialized products are still brought in, such as concentrated fruit juices, prunes, raisins, dried fruit pastes, and processed nuts. The Mexicans import some fresh vegetables and a wide range, though a limited quantity, of prepared or preserved vegetables. This is a difficult market to enter because well established American companies with known brands monopolize sales. In addition, import licences for luxury-type foods are becoming more difficult to obtain.

- *Vegetable products for preparation of edible foods or beverages*—The market for malting barley is declining but remains interesting, particularly if U.S. prices can be met. Imports of hops, principally from the U.S., are substantial. About two million pesos worth of malt extracts enters Mexico every year.

- *Animal foods*—Purchases are quite substantial but future prospects are not encouraging. Virtually all imports of mixed feeds and concentrates require licences in accordance with the Government's policy of encouraging small producers. A share of Mexico's imports of fishmeal is included in this group; the market is expanding and Canadians are participating.

- *Cattle hides and skins*—Imports vary, but rose last year because of a shortage of untanned cattle hides. Supply has improved, and the Government, through encouragement to the packing industry, hopes to reduce foreign purchases.

- *Seeds and fruits, including plants and seeds for sowing*—Although a number of the products in this group are not produced in Canada, Mexico's substantial purchases of a wide range of seeds of legumes, grasses, vegetables, cereals and flowers may be of interest.

- *Fatty materials, non-lubricants of animal and vegetable origin (not including marine oils)*—Principal imports in this group are stearic acid, lanolin, oleostearin, tallow, olive oil, soya oil and palm oil. Canada has sold soya oil to Mexico in the past but total imports fell drastically last year. During 1959 the Government tightly restricted imports of fats and oils as part of its policy to promote domestic production.

- *Sugar, syrups and their preparations*—The market is limited but Canada has sold small quantities of maple syrup and confectionery.

- *Tobacco leaf*—Some 90 million pesos worth of light filler tobacco was imported from the United States in 1959. This trade is increasing and it may be possible for Canada to participate.

- *Other products*—Very few products in this group are grown or made in Canada, with the exception of certain resins, agar-agar, medicinal herbs and roots, and lard.

Canadian Prospects Good

Although our importance to this country as a buyer of Mexican products creates a favourable attitude towards Canada and may make Mexican importers more susceptible to our export offers, all suppliers receive equal tariff treatment because there is only a single column in the Mexican import customs tariff. The United States has definite advantages because of its proximity and years of participation in the market. For some commodities the availability of credit from the U.S. facilitates exports. But in the overall picture, if Canada can deliver a product as cheaply as other suppliers, and on the most-favoured-nation terms of access accorded our products under the Canada-Mexico Trade Treaty of 1946, we are in a favourable position to obtain the business. Sales will not come easily, but close attention to Mexico's import needs, plus vigorous promotion, should pay dividends. ●

Angola Suffers Trade Defici

BUSINESS conditions in Angola—
the Portuguese Province in Wes
Africa—were rather unfavourable i
1959. The balance of payment
showed a deficit on current accoun
for both goods and services. Highe
prices paid for imports and lowe
prices received for exports were th
main reasons for the merchandis
trade deficit.

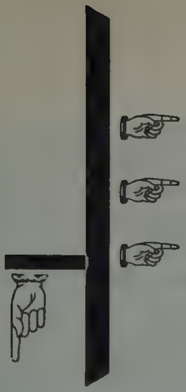
An increase in exports has bee
suggested as the most practica
remedy for the adverse trade balance
This could be achieved, it is believed
by reducing taxes hampering trade
extending credit, subsidizing produc
tion for export, and increasing foreig
investment in agriculture and industry

Modifications in exchange regula
tions and loans of 500 million escudo
(approximately $18 million) fron
the National Development Plan hav
not been sufficient to remedy th
deficit. Additional measures ar
needed to establish favourable cond
tions for foreign capital investmen
and technical aid.

Portugal is still assisting immigra
tion into Angola, especially of peopl
who want to settle on the land. Th
white population of Angola is rela
tively small in comparison with th
native—approximately 170,000 com
pared with 4½ million—in a territor
half the size of the new Cong
Republic but ten times the size c
England.

Output in Angola has increased i
some sectors, such as iron ore, dia
monds and jute bags. Some 50,000 t
60,000 tons of oil a year are produce
and there are hopes of increasin
this figure. On the other hand, pro
duction of mica, cotton cloth, strin
and fishing nets, sugar, beer, an
cement decreased last year. Th
Angolan fisheries were also facing
serious decline in their productio
Canada's exports to Portugues
West Africa have exceeded impor
from that territory for the last tw
years. We exported $344,000 wort
of goods in 1958 and $317,000
1959, mainly flour, automobiles an
parts, and tobacco. In 1959, n
imports came to Canada from Angol
in 1958, only $12,000 worth of bran
sisal fibre, sound equipment an
educational films were imported.

—T. J. MONTY,
Commercial Counsellor, Lisbo



Advertising Abroad

In Japan, a well-written, attractively presented product brochure provides the best means of introducing the types of commodities that Canada sells there.

R. G. WOOLHAM, *Assistant Commercial Secretary, Tokyo.*

JAPAN'S mass communication media have been developed to a high degree and in terms of output and quality rank with those anywhere in the world. An almost 100 per cent literacy rate has been an important factor in developing the Japanese press, which in circulation comes second only to that in the United States. Out of a total circulation of over 36.5 million, four national newspapers account for 45 per cent of the total. The remaining 55 per cent of the total circulation is shared by some 220 prefectural and provincial newspapers. Newspapers get about 40 per cent of total advertising expenditures.

Over 1,100 different magazines are published in Japan, not including magazines of limited circulation. Practically every conceivable subject is covered in detail and some magazines have a circulation of over one million. Radio and television broadcasts blanket this country as well. There are over 15 million radio receivers and over 3 million TV sets. All other forms of advertising media are readily available, including films, outdoor advertising, transportation advertising, direct mail, product brochures, and a host of other forms, identical to those found in North America. For reasons explained later, not all these media are useful for advertising imported goods.

Advertising costs in newspapers and periodicals vary considerably, depending on such factors as circulation, use of colour, quality, etc., and range from $14,000 per page in a daily national newspaper to $90 per page in a monthly industrial publication. In general, advertising costs are probably similar to those in Canada, taking into consideration the necessity of translation and the fact that costs are higher for setting Japanese characters than for English. There are 60 newspapers equipped with facilities for printing in colour.

Advertising Imported Products

Imported consumer goods, because their prices tend to be higher than those of domestic products, are usually nationally advertised only in English-language newspapers aimed at the foreign population residing in Japan. (Four English-language daily newspapers put out in Japan are circulated widely; so is the *Shipping and Trade News* published in Tokyo.) Canadian whisky is a good example. Import restrictions sometimes limit increased sales of this and other commodities but keeping the brand names before the foreign population is considered important. In such cases, institutional advertisements of the type used in Canada and the United States are the answer.

Foreign branded products are not usually nationally advertised in Japanese-language media unless they are partly or wholly manufactured in Japan under licence or by subsidiary organizations and are within the price range of the average Japanese buyer. In this case, the advertising format and message are normally determined entirely by the local manufacturers or by their distributors.

Semi-finished products such as engineering equipment are best advertised in related Japanese industrial publications and such ads are often tied in with those of other products whose manufacturers are represented by the same Japanese importer or trading company.

Advertisements for raw materials, on the other hand, (if they are advertised at all) tend to be of the institutional or prestige type and addressed to the appropriate group, usually after a sale has been completed. The essential point in this case is attracting attention to the Japanese importing company, so that inquiries about repeat business will be channelled to that firm.

For Canadian Exporters

Perhaps the best starting-point for Canadian exporters contemplating a sales development program in this market is the product brochure. Excellent quality, attractive brochures can easily be prepared and printed in Japan. The Canadian exporter should normally team up with his Japanese representative and a recognized advertising agency to ensure accurate translation of technical data and its presentation in an attractive, well-designed booklet. This type of literature provides the initial sales aid for the local agent and later—depending on the sales prospects—the exporter can investigate further advances into other media. However, the products that

Canada now is selling to the Japanese are not the type to benefit from advertising over radio or television, or by filmstrips.

Although there are a large number of Japanese advertising agencies, two well-established ones in particular cater to overseas customers. Both of these have facilities for planning and designing advertisements, writing or translating copy, and choosing media. They have offices in New York, in addition to working arrangements with Canadian and U.S. agencies.

The larger Japanese agencies also undertake market research for their customers, and a branch office of a U.S. advertising company located in Japan has an excellent reputation in the field of market research.

Accept Agent's Advice

In summary, the Canadian exporter contemplating advertising in this market should, in developing a program, rely to a large extent on the advice of his agent. The work of initiating a program should first be channelled either by the agent through a Japanese advertising agency or by the exporter through a Canadian agency, depending on the method of financing advertising costs. In the latter case, the Canadian agency normally arranges with a Japanese agency for translation and placement, in co-operation with the local agent. ●

Peru Offers Engineering Opportunities

Projects now beginning or planned mean potential sales for Canadian engineering equipment and services—but only if firms are prepared to cultivate this market assiduously.

W. J. JENKINS, *Assistant Commercial Secretary, Lima.*

IN September a group of Canadian consulting engineers visited Peru to talk with officials and businessmen concerned with development. This visit was well timed, because Peru has enjoyed a year of economic stability and is now thinking seriously about development projects. Numerous technical missions have visited the country recently and the tempo of technical assistance received from foreign governments (particularly France, Germany, Japan and the United States) is rising.

There are opportunities here for Canadian consulting engineers, but business will not be easy to secure. At least twelve foreign consulting engineering firms hold Peruvian contracts at the moment but the majority have obtained these after working hard to sell their services. Foreign contractors too are getting business but they also have cultivated the ground.

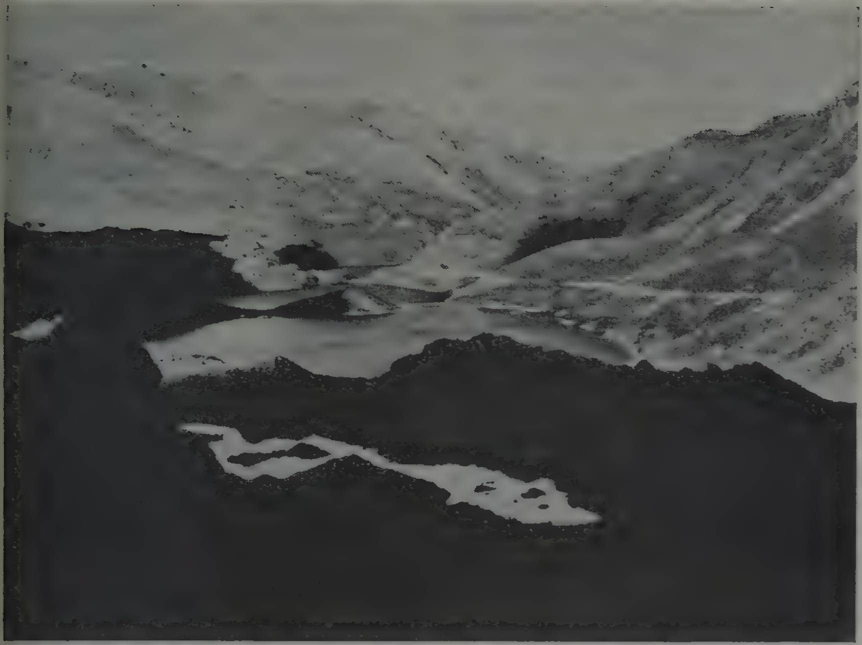
Visits Essential

It is impractical to try to obtain engineering business in Peru by correspondence. A visit to the country is essential and generally an extended stay is necessary. Passing several days here acquaints the visiting engineer with conditions but he is not likely to get business, even if he continues to correspond with the contacts he made. A better approach is to send a qualified member of the company's staff to Peru for an indefinite period. Naturally this does not succeed every time, or even most of the time, but judging from the experience of companies that have been successful, it is the best method. While he is in Peru, the representative may also consider locating a Peruvian firm to work with his company and to collaborate if a contract is obtained. If the company is thinking of the future, it will not hesitate to have the engineer who is to travel in Latin America learn Spanish.

Plan Peruvía

The Peruvian Government is currently concentrating on the preparation of a major development plan to be called Plan Peruvía, for the development of the hydro-electric, mineral and agricultural resources of the central and southern Andes. This plan will include:

- Construction of a hydro-electric plant on the Mantaro River.
- The linking of the two railway systems of Peru, the central and southern, by a line between Huancayo and Cuzco.
- Construction of a system of highways from the new railway line into the adjoining mining and agricultural areas.
- Construction of ore-processing plants at several points in the area.



In the high valley of the Santa Eulalia River, lakes have been dammed up as one step in the construction of a 240,000 kw. plant at Huinco. The Lima Light and Power Company, which is privately owned, is undertaking this ambitious project.

The investment required to complete Plan Peruvía is set tentatively at $500 million. Simultaneously the Government intends to assist in the settlement of virgin lands in this region.

Since the announcement of the Plan in February, an American consulting firm, Arthur D. Little, has been engaged to make a preliminary economic appraisal of it. Hunting Associates of Canada have designed a blueprint and are doing vertical radar work in the region, and the Peruvian Air Force unit, which has a monopoly of all aerial photography in Peru, has been instructed to photograph the region. In addition, several economic and technical missions have studied the area or the various portions of the Plan.

Hydro-electric Expansion

Plan Peruvía envisions the construction of a hydro-electric plant, to be called La Central del Pongor, on the bend of the Mantaro River in central Peru. The plant will have a capacity of 600,000 to 1 million kilowatts. A 10-mile tunnel through the peninsula that forms the abrupt bend of the river will provide a 3,300-foot vertical fall. To distribute the power, the Government is contemplating the construction of a 2,000-mile network of high-tension cables.

The power potential of the bend of the Mantaro River is not a new discovery. In 1943 a Peruvian engineer prepared a report for the government steel firm and Peru's largest mining company, Cerro de Pasco, surveyed the Mantaro on the basis of using the power for the refining of aluminum. Since the announcement of Plan Peruvía, several groups have shown interest in developing the Mantaro. A Japanese government organization has apparently submitted to the Peruvian Government a technical and financial plan for the construction of the Pongor Central, after sending six engineers to Peru for several months. The resident engineer for Electricité de France, who advises the Peruvian ministry of Public Works on electrical development, is said to be assessing the Mantaro. Included in Arthur D. Little's contract is a provision for a recommendation on whether the Mantaro merits serious study. A technical mission sent by the German Government arrived in Peru during July, also to study the Mantaro.

Other hydro-electric projects in Peru are those planned by the private company that supplies all the power to the Lima area. This company, in which the majority of the capital is Swiss, is currently undertaking two projects, Marcapomacocha and Huinco. (See article "Peru Diverts Rivers" in the November 21, 1959, issue of *Foreign Trade.*) The Marcapomacocha project will divert the waters of a group of lagoons located in the Andes northeast of Lima from the source of the Amazon River to the Pacific Coast. The second project involves the construction of a 240,000-kilowatt plant at Huinco on the Santa Eulalia River. The power company has a long-standing agreement with the Swiss firm of consulting engineers, Motorcolumbus.

Steel Production

In March of this year, the government-owned Peruvian steel company announced plans to increase the steel-ingot capacity of its steel mill from 60,000 to 120,000 tons a year, to increase the capacity of its hydro-electric power plant from 50,000 to 150,000 kilowatts, and to construct an irrigation system that will use the waters of the Santa River below the power plant. The irrigation project will require a 30-mile diversion canal and about 1,200 miles of lateral canals. The steel company did not state how the project will be financed but upon returning from a visit to France in March, the President of Peru announced that a $40 million French credit had been obtained for these expansions.

The Marcona Mining Company, which holds a long-term lease on large iron deposits south of Lima, is undertaking a $25 million expansion program that includes construction of a beneficiation plant, a new pier, and ore-handling equipment. The company is owned jointly by the Utah Construction Company and Cyprus Mines Corporation of the United States.

Second Lead and Zinc Refinery?

Peru has one lead and zinc smelter and refinery, owned by the Cerro de Pasco Corporation of the U.S., but the total zinc output of the medium and small mines is exported in the form of concentrates and the bulk of the lead production is unfinished. For years, the medium and small mines have reportedly wanted a second lead and zinc smelter and refinery and it has been considered often since 1945. In 1959 the German Government sent a three-man mission to Peru for six weeks to study the feasibility of constructing this smelter and refinery, and in February 1960 the mission presented a favourable report to the Peruvian Government. In June 1960 the Belgian consortium "Sybetra" (Syndicat Belge d'Entreprises à L'Etranger) presented a proposal for the financing and the construction of a zinc smelter and refinery. The Peruvian Mining Society met to discuss this proposal in June but there has been no public comment about it since then. The plant is apparently needed but it will not become a reality until someone can obtain contracts from the small and medium mines, guaranteeing to sell their minerals to the plant.

Highway to the Jungle

Because of the swampy terrain, the hundred-mile Aguaytia-Pucallpa section of the Central Highway that connects Lima with the navigable waters of the Amazon River system is frequently closed to traffic during the five-month rainy season. In spite of its poor condition this is one of Peru's most important roads and the Government is anxious to have it properly surfaced. The total cost of surfacing this section is estimated at $11 million; the Peruvian Government will provide about $2 million. The Development Loan Fund has approved in principle a U.S.$4.5 million loan for the highway and the World Bank has expressed willingness to negotiate a further loan of U.S.$4.5 million. Failure of the Peruvian Congress to approve the interest rate has delayed processing these loans. Fees for the engineering services will be paid from the Development Loan Fund's loan, and Brown & Root Incorporated of the U.S. will reportedly be named consultants, provided the Peruvian Congress approves the interest rate. Contracts for the construction of the road will be awarded on the basis of international competitive bidding.

New Airports

The Peruvian Airport Authority (CORPAC) is constructing a new airport near Lima that will be suitable for commercial jet aircraft; a Peruvian contracting firm has nearly completed the landing strips. The design of the new airport buildings has been selected and in July the President of CORPAC announced that international tenders to construct these buildings will soon be requested.

During a speech to Congress in July, President Prado said a $5 million credit had been received for the construction of airports throughout Peru. The President made a similar statement in March when he returned from a trip to Europe. At that time he said a group of Swiss banks was providing the capital and that he had received a similar offer in Italy.

Other Projects

Another potential project is the construction of a small fishing port near Callao, because present facilities are inadequate to handle the large number of anchovy boats that supply the numerous fishmeal plants around Callao. In January a government commission proposed constructing a small fishing port at an estimated cost of $800,000 and these plans went to the Ministry of Finance and the Callao Port Authority for study. Nothing has been heard of this project since January but the pier is still needed. Members of the fishing industry are said to have expressed some willingness to assist in financing the construction of it, on condition that it be administered by a private body over which they would have control.

Following a recent trip to the United States, the president of Peru's second largest bank announced it had completed financing for the construction of a U.S.$5 million oil refinery near Lima. The refinery is expected to have a capacity of 12,000 barrels a day and it will begin operating within two years. According to the bank's president, the Bank of America and Standard Oil Company of California are participating.

Tenders on several large projects have recently been requested. In July the Peruvian Ministry of Development and Public Works called for tenders for a 25-mile extension to the Cuzco-Santa Ana Railway. It is believed the Japanese firm of Mitsubishi Shoji Kaisha Ltd. will receive this contract. Also in July the National Fund for Economic Development requested bids on the financing or execution with financing of 24 small electrical projects, but only allowed 45 days for the submission of bids. The Fund had also called for international bids on the financing or execution with financing of a project for the installation of water and sewage services in 80 towns and cities of nine departments in northern and northeastern Peru. This project must be financed over at least seven years.

On many of these projects the engineering studies have already been made, but listing them will give Canadians some idea of the developments in Peru and perhaps the realization that there may be opportunities for selling Canadian engineering services there. ●

Lebanon's Commerce Improves

Lebanon continues to attract foreign investment, and revenues from customs duties and transit trade are climbing. Market is competitive, but prospects are good for Canadian exporters.

W. B. WALTON, *Assistant Commercial Secretary, Beirut.*

THE general improvement in the Lebanese economy during 1959 continued into 1960—consumer demand is high, the port of Beirut is busy, and banks are active (44 approved banks are now in operation). Construction is also booming, thanks largely to the influx of capital from Arab countries for investment in real estate.

Lebanon's rival ports of Latakia (Syria) and Aqaba (Jordan) have taken away some of Beirut's former transit tonnage, though Lebanese ports are generally busy and customs receipts are high. Revenues from customs duties at the end of June 1960 climbed to L£54 million, compared with L£40 million for the first half of 1959.

Investment Aids Expansion

The Lebanese Government, aware of the necessity of developing industries that are economically sound, has encouraged capital investment in this field which, at the end of 1959, totalled L£435 million. Today Lebanon has approximately 3,302 factories employing some 39,000 workers. Twelve new companies were incorporated during the first three months of 1960. To encourage commercial and industrial interest in northern Lebanon, the 1960 budget provides for installation of an annual International Fair at Tripoli; the first one is expected to open in July 1961.

Other expansion plans are proceeding with foreign aid. The Development Loan Fund has signed agreements with a private (agricultural and industrial) development bank and with an electricity firm in Lebanon for loans of $5 million and $500,000. DLF will also lend $400,000 to an aluminum fabricating plant to permit it to make articles such as tubes, structural sections, home and office fittings. The Export-Import Bank has agreed to make available a credit of $3.1 million towards construction of an eleven-storey hotel in Beirut.

An additional 30-inch oil pipeline has been completed from the Syro-Lebanese border to the port of Tripoli. Oil from the IPC wells in Iraq will now flow across Lebanon at the rate of 10.5 million tons a year, increasing annual oil-transit revenues from L£1.25 million to L£1.48 million.

Weak Spots

There are at present two weak spots in the economy: textiles and agriculture. Textile manufacturers for some time have had difficulty in selling their goods on the local market and have had to lay off workers. To protect the local industry they are requesting the Government to increase duties on imported textiles and to prohibit import of woollen, silk and cotton fabrics for one year.

Importers and merchants, who benefit from a high degree of free trade, are against increases in customs duties. The Government is studying the problem closely, but with the growing number of industries in the economy, it is probable that the pressure for protection of local industry will increase.

Irregular and insufficient rain during the winter of 1959-60 damaged crops such as olives, bananas, potatoes, and onions, and drought and insects cut the wheat harvest to an estimated 20,000 tons. A normal crop averages 65,000 to 70,000 tons and consumption is over 200,000 tons a year.

Foreign Trade

According to figures released by the Lebanese Customs Administration, merchandise exports in 1959 totalled L£139.1 million compared with L£110.5 million in 1958. Goods shipped included apples, oranges, tobacco, hides, woollens, and dried fruits. Imports jumped sharply to L£699.8 million from L£518.1 million in 1958. This resulted in a foreign trade deficit of L£560.7 million compared with L£407.6 million the year before—a 37 per cent increase. The deficit is, of course, balanced by invisible earnings from banking, shipping and transit services, remittances from Lebanese abroad, and tourist rev-

LEBANESE FOREIGN TRADE

	1958	1959
	(million Lebanese pounds)	
Imports		
Britain	87	171
United States	67	76
Syrian Region, U.A.R.	55	63
West Germany	38	56
France	47	51
Italy	32	38
Saudi Arabia	24	34
Turkey	4	20
Belgium	15	16
Iraq	22	16
Switzerland	11	13
Egyptian Region, U.A.R.	9	12
Japan	6	10
Sweden	12	10
Soviet Union	3	5
Exports		
Syrian Region, U.A.R.	19	21
Saudi Arabia	13	17
Jordan	10	12
Iraq	5	10
United States	6	9
Soviet Union	4	6
Iran	2	5
Britain	5	4
Italy	3	4

enues. The latter are estimated to have reached L£110 million during 1959.

The increase in imports indicates not only greater industrial activity and a higher consumer demand but also extensive transit trade through Lebanese ports and free zones.

As the table shows, Britain's share of Lebanon's imports has risen from 16.7 per cent in 1958 to 24.5 per cent in 1959; West Germany's share has also risen slightly. United States exports to Lebanon dropped from 12.9 per cent of total Lebanese imports to 10.8, though the actual value of goods shipped rose slightly. The Soviet Union boosted its sales from L£3 million to L£5 million, or .08 per cent of total Lebanese imports.

Canada's Share

In 1959, Canada exported goods valued at $3.4 million to Lebanon—a substantial increase over the $2.2 million of 1958. It must be remembered, however, that the figures include large Canadian donations of wheat flour to the United Nations Relief and Works Agency for Palestine Refugees. These shipments in 1958 and 1959 were valued at $1.16 million and $1.38 million.

During the first half of 1960, Canadian sales to Lebanon totalled $656,785, compared with $1.7 million (over $1 million worth of flour) in the same period of 1959. The principal commodities moving in this trade are asbestos milled fibres, washing machines, flour, passenger automobiles, Douglas fir and medicinal preparations. Our purchases from Lebanon in 1959 totalled only $27,040, down from $80,750 the year before.

With stiff competition from the neighbouring countries, from the United States and the Soviet Union, Canadians will not find Lebanon an easy market. However, its potential is good, and it continues to offer interesting opportunities. ●

The Netherlands Textile Industry

Rapid postwar growth has marked all sectors; pattern of exports is changing. Canada both buys textile products from Holland and sells small quantities to her.

N. RIEMEIJER, *Office of the Commercial Counsellor, The Hague.*

THE textile industry, one of the oldest in the Netherlands, is now divided into the following main branches: cotton, linen and rayon; wool; knitwear and hosiery; carpets; coir and sisal fibres; narrow goods and lace; textile processing, and cordage and netting.

Cotton, Linen and Rayon

Since the cotton spinning and weaving mills also handle large quantities of flax and rayon, these three industries are regarded as a single entity. At the end of 1958 this sector of the textile industry consisted of 142 establishments. Equipment included 1,103,608 spindles and 35,721 looms (14,826 automatic).

In 1958 Dutch cotton mills produced 63,042 tons of cotton yarns and 3,447 tons of rayon yarns and the weaving mills used 69,398 tons of yarn. The cotton industry depends entirely upon imported raw materials, including raw cotton and yarns. These are brought in mainly from Belgium and the United Kingdom.

In 1959 Netherlands exports of cotton yarns totalled 8,489 metric tons worth Can.$9.3 million and exports of cotton fabrics 28,891 metric tons valued at $73.8 million.

Linen production is also important; most of the linen yarns are processed in mills that also manufacture cotton fabrics. Linen can be produced entirely from domestic raw materials because the Dutch flax is of excellent quality and even finds a ready market abroad. In 1958 flax-fibre exports (mainly to Belgium) totalled 66,475 metric tons valued at $3.8 million. Exports of linen yarns totalled 1,221 tons worth over $1 million, but most linen products are sold in the domestic market. In 1959, less than 300 metric tons were exported.

The rayon industry has developed at an astonishing rate. In 1938 the output of rayon yarn and staple fibre totalled 9,300 tons. In 1958, despite wartime destruction, the value of rayon yarn output was $59.6 million, some 40 per cent of which was exported. The Netherlands has become the world's second largest exporter of rayon yarn. In 1959 approximately 9,000 tons of fabrics made from rayon and entirely synthetic yarns, valued at some Can.$18.5 million, were shipped abroad.

After the war, nylon production began in the Netherlands, using basic materials supplied by the Chemicals Division of the Netherlands State Coal Mines.

At the end of 1958 the Netherlands woollen industry comprised 98 spinning and weaving mills, with some 330,000 spindles and about 7,600 looms, over 900 of which are automatic.

Because only 4 to 5 per cent of wool requirements can be provided locally the industry must rely on imports, principally from Australia, New Zealand, South Africa, Argentina and Uruguay. In 1959 the industry imported 16,560 metric tons of wool worth $18,724,000. In addition, 8,567 tons of wool tops, valued at $17,408,000, were brought in. The woollen industry produced in 1958 over 26,800 metric tons of woollen yarns, more than 42 million square yards of woollen fabrics, about 2 million square yards of upholstery materials, nearly 3,500 metric tons of hand-knitting yarns, and about 5.4 million square yards of hair-yarn lining materials. An average of 25 per cent of Netherlands production of woollen goods is exported to about 60 countries; Belgium and West Germany are the largest customers.

Knitwear and Hosiery

The 198 Netherlands knitwear and hosiery firms are scattered over a wide area. This industry caters mainly to domestic requirements; sales in 1958 totalled nearly Can. $72.2 million and only about Can. $2.9 million was earned from exports. In recent years this branch of the industry has steadily improved its position in foreign markets.

Carpets

There are at present 38 enterprises in the Netherlands engaged entirely or mainly in the production of carpets and piecegoods of wool, cotton, etc. They turn out floor coverings of various kinds over a wide price range.

The total turnover of the domestic carpet industry in 1958 reached nearly Can.$19.4 million; exports were valued at some $2.5 million. The principal customers for hand-knotted woollen carpets and table covers in 1958 were West Germany and the United States. Other types of woollen carpets and table covers were sold principally to West Germany, Belgium-Luxembourg, and the Scandinavian countries.

Coir and Sisal Fibre

The manufacture of coir carpets, mats and runners is a well developed branch of the textile industry, with 23 enterprises engaged in it. The Netherlands is, in fact, the world's largest producer of coconut-fibre floor coverings, with an annual output of approximately 9.6 million square yards, or slightly more than 20 per cent of total world production. During the last few years, exports of coconut-fibre coverings have averaged more than one million tons a year.

In addition, the industry processes sisal yarn and jute into both fitted and loose floor coverings. In 1958, 2,211 tons of sisal floor coverings worth $1,425,000 were shipped abroad. Exports of jute floor coverings reached 447 tons with a value of nearly $500,000.

Narrow Goods and Lace Industry

At present 38 factories are engaged in the manufacture of ribbons, braids, trimmings and lace. Their total 1958 turnover was valued at approximately $7.5 million. Exports had a value of nearly Can.$257,000.

Cordage and Netting

In the Netherlands, where navigation and fishing have been practised since very early times, the manufacture of cordage has become an important industry. The items produced at present include string; twine; sisal, manila, cotton and hemp rope. In 1958 cordage exports were valued at some $5,750,000.

The manufacture of fishing nets is also important. This branch covers not only domestic requirements but also ships to foreign markets; exports were worth $1.75 million in 1958.

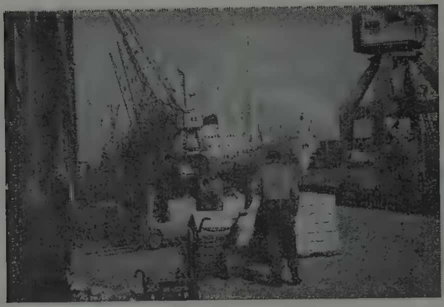
Trade with Canada

The pattern of Netherlands textile exports has changed radically since World War II. The Indonesian market, which once took 70 per cent of Dutch exports of cotton fabrics, has been lost completely. However, other markets have been found closer to home. In 1959 about 55 per cent of textile exports went to other European countries, 20 per cent to Africa, and 6.6 per cent to Asia. The significance of the Common Market to Netherlands textile manufacturers can be seen from the fact that exports to EEC countries accounted for 37 per cent of total exports in 1959, compared with less than 4 per cent in 1949.

Canada is more important to Dutch producers as a market than as a source of supply. In 1959 the only Canadian textile exports to Holland were small amounts of unbleached cotton, plus some cotton and synthetic fibre wastes, a little wool and some synthetic fibre.

Canada, on the other hand, purchases appreciable quantities of Netherlands textile yarns and fabrics. In 1959, for instance, imports of Dutch yarns were valued at nearly $650,000, cotton fabrics $1.7 million, wool fabrics over $240,000, rayon and other synthetic fabrics over $220,000. In addition, imports of clothing were worth about $235,000 and other textile manufactures about $198,000.

At the moment, the outlook for future growth in Canadian exports of textiles to the Netherlands is not promising. However, with prosperity increasing rapidly here as in other European countries, there may be a possibility of developing limited sales in style goods. Once again, Netherlands producers, who have been steadily improving the quality of their products to compete in European markets, are in a better position than ever before to supply the relatively high quality goods that Canadians demand. ●



Commodity Notes

Coffee

BRAZIL—According to provisional figures issued by the Instituto Brasileiro do Cafe (IBC), exports of coffee during June amounted to about 1.3 million bags, compared with 772,000 bags in June 1959, bringing exports during the 1959-60 coffee season up to a record 17.7 million bags. Detailed statistics issued by the IBC for the first five months of the year show the volume and value of coffee exports during this period as 6.6 million bags worth U.S.$285 million, compared with the corresponding figures for last year of 6.7 million bags at U.S.$288 million.

The U.S. Department of Agriculture has estimated world production in the 1960-61 coffee season at 71.3 million and world exportable production at 58.1 million bags, compared with 77 million and 65.1 million bags respectively for the 1959-60 season—São Paulo.

Ferro Chromium

SWEDEN—Scandinavia's largest producer of ferroalloys for use in the steel industry, AB Ferrolegeringar, Trollhättan, has recently put into operation a new plant for producing ferro chromium. The extension scheme, begun in 1957, has cost $4 million and will double the output to 20,000 tons a year in 1960.

The company's ferro chromium, with a carbon content of only 0.02 grams per ton, is produced under licence by the Perrin method. This is now its main product, among some 100 different refined composite metals. About 60 per cent of the output is sold to the Swedish iron and steel industry and 40 per cent is exported to some 25 countries. The U.K. takes somewhat less than half of the exports—Stockholm.

Iron Ore

INDIA—India's output of iron ore reached almost 8 million long tons in 1959, up from just over 6 million tons the previous year and thus maintaining the upward trend of the past decade. Inauguration during 1959 of the three publicly-owned steel mills (Rourkela, Bhilai and Durgapur) and completion of expansion programs at the older privately-owned mills of Jamshedpur and Burnpur were the chief reasons for the increase. Shipments to Indian mills climbed to 5.7 million long tons in 1959, a rise of 60 per cent over 1958.

Exports rose significantly to 2.5 million long tons, of which 1.7 million tons went to Japan. It is estimated that by 1965, on the basis of existing contracts, exports will be at the rate of 7 million tons a year, with the distinct possibility of even larger sales. Japanese steel interests especially are directly fostering the development of a number of ore bodies. India possesses immense deposits of high-grade iron ore suitable for direct charging of furnaces—New Delhi.

Livestock Feed

JAMAICA—The Birdsey Company of the United States is awaiting approval from the Jamaican Government to build a feed mill designed to have a capacity of 300 tons a week. The firm is particularly interested in supplying feed for egg production, and has launched an egg-producers' training program—Kingston.

Pulp Mill

SWEDEN—Wargöns AB plans to erect a hardwood pulp mill in conjunction with its present plant. The new mill will have a yearly capacity of 30,000 tons and will come into production early in 1962. A prerequisite for the erection of the mill, however, is that it obtain the prior approval of the local water-pollution authorities—Stockholm.

Steel Mill

GREECE—The Greek Government will set up a $75 million steel mill. The project will be undertaken by the government-controlled Industrial Development Organization (OBA), in co-operation with local and foreign steel mills. It will have a minimum annual output of 250,000 tons of steel, using about 400,000 tons of domestic iron ore, and will save $16-$18 million annually in foreign exchange spent on imports. Consumption of iron and steel is increasing rapidly and by 1964 may reach 600,000 tons a year—Athens.

Teleprinters

INDIA—The Government of India has signed an agreement with Olivetti of Italy for the establishment of a factory to manufacture teleprinter machines for the first time in India. The plant, to be owned by the Indian Government, is scheduled to begin operating in 1961 and to attain full production at the rate of 1,000 teleprinter machines a year by 1964, plus ancillary equipment. Indigenous content is to rise from 13 per cent initially to 100 per cent by 1965.

Olivetti is providing knowhow, machinery and training facilities for Indian technicians. The site of the factory has not yet been selected—New Delhi.

Tobacco

CUBA—A recent government resolution created a General Tobacco Administration which will function as a section of INRA (National Agrarian Reform Institute). This new body is given powers to select areas for tobacco production, fix production quotas and selling prices, set dates for planting and harvesting, buy and sell tobacco on the domestic market, export tobacco through BANCEC (National Foreign Commerce Bank) and generally control all phases of the Cuban tobacco industry—Havana.

Tractors

BRAZIL—The Brazilian subsidiary of J.I. Case Company of the United States is planning to invest over U.S.$2 million in a heavy tractor plant in the State of São Paulo. This investment will be in the form of equipment and machinery to be imported without exchange coverage. Though initial production is only 400, total capacity is 2,000 units. Perkins engines produced in São Paulo by a subsidiary of Massey-Ferguson will supply the engines—São Paulo.

Wood Products

NORWAY—The Norwegian wood-processing industry has expanded considerably during the past ten years, and EFTA should offer even greater opportunities for growth. Expansion will probably be concentrated on further processing of mechanical and chemical pulp. From 1950 to 1959, Norway's annual production of mechanical pulp rose by 32 per cent to over 700,000 tons, that of sulphite pulp by 31 per cent to 535,000 tons, sulphate pulp by 93 per cent to 143,000 tons, paper and cardboard 49 per cent to 714,000 tons, and wallboard 79 per cent to 110,000 tons.

A shortage of raw material may put a brake on further expansion. There are reserves of hardwood, however, and recent research has made it possible to use increasing quantities of hardwood for pulp production—Oslo.

Wool

SOUTH AFRICA—Wool production has increased almost 2.5 times during the past 50 years. In 1910, 124.3 million pounds of wool, valued at £3.7 million, was produced from 21.8 million sheep. Preliminary figures indicate that 295 million pounds will be produced in 1959-60 from 35 million sheep; it is valued at £50 million. The large increase in production per sheep is attributed to improved sheep breeding and feeding. The average price per pound in 1959-60 increased 8d, over the 1958-59 price—from 32.9d to 40.9d.

The United Kingdom is still the largest buyer, but exports to Belgium, Switzerland, Germany and Sweden are increasing. Sales to Russia were down 40 per cent in 1959-60, but Communist China bought 47 per cent of all wool tops, an increase of 200 per cent over the 1958-59 season—Cape Town.

Zinc

BRAZIL—The Metallurgica Inga is to install a new zinc factory in Rio Grande do Sul; it should be operating by 1962, using electric power from the Tres Marias power plant. To achieve an output of 20,000 tons a year, the factory will need about 10,000 kw. Metallurgica Inga will use a new process which consists of extracting zinc from oxidized minerals. One of the advantages of this method is that there are adequate deposits of such minerals in this country—São Paulo.

Trade Commissioners on Tour

In territory:

A. A. BARRIGA, Commercial Assistant in Bogotá, Colombia, will visit Quito and Guayaquil in Ecuador from November 7-11.

P. A. FREYSENG, Assistant Commecial Secretary in Vienna, Austria, will visit Bucharest, Romania, and Sofia, Bulgaria, from November 22-30, and Budapest, Hungary, from December 13-16.

T. F. HARRIS, Consul and Trade Commissioner in New Orleans, will visit Dallas and Fort Worth in Texas, Tulsa and Oklahoma City in Oklahoma, and Little Rock in Arkansas, towards the end of October.

R. K. THOMSON, Commercia Counsellor in Vienna, Austria, will visit Belgrade, Zagreb and Ljubljana in Yugoslavia, from October 31-November 11, and Prague, Czechoslovakia, from December 5-9.

F. I. WOOD, Vice Consul and Assistant Trade Commissioner in New York, will visit Albany, Schenectady, Troy, Amsterdam, Utica, Syracuse, Rochester and Buffalo from October 25-November 5.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to the Commercial Secretary at Bogotá, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Harris at New Orleans, and Mr. Wood at New York.

Canada's Trade Fair Program 1961-62

ABOUT this time every year, the Department of Trade and Commerce announces the schedule of trade fairs it plans to enter during the coming season. Businessmen familiar with this program in the past will note a few new entries this year, such as the International Boat Show, the exhibition of the packaging, engineering and chemical industries in London, and the three new fairs in West and Central Africa.

Among the most exciting projects for department officers involved in trade-fair planning in the next few months will certainly be the two solo fairs in Nigeria and Ghana that Trade and Commerce hopes to put on in early 1962. These will be new ventures in this part of the world—probably modelled closely on our trade fairs in The West Indies in 1959—and will be designed to make the most of business opportunities opening up in these two young nations.

Businessmen interested in participating in any of these fairs should get in touch with the Department as soon as possible, either through a Commodity Officer with whom they are already acquainted, or through the Trade Fairs Abroad Division, Trade Publicity Branch, Department of Trade and Commerce, Ottawa. They will obtain market data, information about promoting their products in a particular market, and details about the fairs themselves.

Following is a list of the general and specialized fairs in which the Department is participating in 1961, plus a portion of the program for 1962.

London England Jan. 4-14	**International Boat Show.** This is a special fair sponsored by the *Daily Express* and is open to the general public. Products include boats of all kinds, outboard motors, water skis, fishing tackle, rubber boots and waders, camping and hunting equipment. The Department of Trade and Commerce is participating for the first time.
Chicago United States Jan. 22-26	**National Sporting Goods Association Convention.** Visitors to this fair, drawn from Canada, the U.S. and abroad, are restricted to the trade. Products include sporting goods and sportswear for the United States market. Visitors in 1960 totalled 12,560, exhibits 649.
Chicago United States Jan. 29-Feb. 2	**National Association of Home Builders Convention.** The Canadian exhibit of materials and equipment used in home building will be organized on an "institutional" basis—products will be displayed by the industry as a whole.
London England Mar. 7-Apr. 3	**Daily Mail Ideal Home Exhibition.** Probably the biggest showcase in Britain for consumer goods; usually attracts about 1½ million visitors. Canadian exhibit will include appliances, clothing and accessories, footwear, furniture and furnishings, sporting goods, tools, toys, foods and beverages.
Paris France Apr. 12-17	**Fur Industries Salon.** Organized by the French fur industry; is open only to the trade. Canada will show raw and dressed pelts.
Frankfurt Germany Apr. 20-23	**European Fur Fair.** Open to all countries. Our exhibit is designed to encourage and maintain interest in Canadian pelts.
London England Apr. 20-May 4	**Engineering, Marine, Welding, and Atomic Energy Exhibition.** An international specialized trade fair held biennially; shows the latest achievements in scientific research and engineering technology. Canada hopes to promote the sale of engineering equipment and consulting services in Britain. The Department's first appearance in this exhibition.

A night shot of the all-Canadian trade fair in Kingston, Jamaica, in January 1959, showing the entrance marquee and the geodesic dome

At the Frankfurt Fur Fair, April 16-19, 1959, buyers examine prime Canadian furs. This is the biggest exhibition of its kind in the world.

Detroit United States May 22-25	**Design Engineering Show.** Highlights products of new and original design; is aimed at the design engineer looking for components and ideas for a project. An opportunity to take advantage of interest in Canadian technical knowhow shown in previous fairs.
London England May	**Leather Importers, Factors and Merchants Association Exhibition.** Caters to a narrow but important segment of the U.K. leather industry. A small, hotel-room type of show that attracts about 2,000 buyers. Participation arranged by British agents of Canadian leather firms.
London England Sept. 5-15	**International Packaging Exhibition.** A specialized trade show to promote packaging equipment, and paper and plywood used in all types of packaging. Department is hoping to boost sales of paper products and to test market prospects for Canadian equipment.
Cologne Germany Sept. 23-Oct. 1	**Provisions and Fine Foods Exhibition (ANUGA).** Canada participated officially for the first time in 1959, displaying the products of 26 Canadian food exporters. ANUGA is a specialized biennial show; covers all aspects of the food industry including packaging equipment, store planning and advertising.
Lima Peru Oct. 1-18	**Pacific International Trade Fair.** One of the largest ever organized in South America. Canada plans to display chemicals and allied products, consumer goods, engineering and industrial equipment, and paper products.
Detroit United States Oct. 23-27	**National Metal Congress and Exposition.** All types of machinery and materials used in the metal-using and fabricating industries are displayed. Canada's exhibit includes machine tools, components and materials.
London England Nov. 15-29	**Building Trades Exhibition.** Canadians have exhibited in this show every year since 1955. It covers all aspects of the building industry and is directed at architects, contractors and municipal engineers. Canadian display features Canadian woods and their use in timber-frame construction.
New York United States Nov. 27-Dec. 1	**Exposition of Chemical Industries.** Held every two years, this show covers chemical processing and laboratory equipment, instruments, chemicals, materials, and materials handling and packaging equipment. Department hopes to prove that Canadian technical and engineering processes in the chemical field can be marketed in the U.S.
Chicago United States Dec. 10-14	**National Association of Home Builders Convention.** Same show as held January 29-February 2, 1961.

Additional Fairs Scheduled for 1962

Accra Ghana Jan. (second week) Lagos Nigeria Feb. (final week)	Solo fairs, of the type organized in the West Indies in 1959. Opportunities are excellent for expanding sales in these growing markets, and Canada has a good chance to make a lasting impression.
Johannesburg South Africa March 1-15	**Rand Easter Show.** A semi-specialized industrial trade fair with a heavy accent on consumer goods. Canada has its own permanent pavilion.
Detroit United States March 15-23	**American Society of Tool Engineers Tool Show.** Specializes in machine tools and in components and materials used in the metalworking industries. Will be held in Detroit's new Cobo Hall.
Bulawayo Southern Rhodesia May	**Central African Trade Fair.** The Department will participate either at Bulawayo or at the Royal Salisbury Show, listed below. The Bulawayo fair is held every year and attracts about 150,000 visitors during its two-week run. Products Canada will display include chemicals, consumer goods, engineering equipment and forest products.
Salisbury Southern Rhodesia September	**Royal Salisbury Show.** Same type as the Bulawayo fair. Canadian exhibit was a highlight of the 1959 show; products were housed in portable geodesic dome owned by Canadian Government Exhibition Commission.

Sponsored by the Department of External Affairs

Jan. 1961	**Grüne Woche (Green Week),** Berlin, West Germany
June 1961	**Poznan International Trade Fair,** Poznan, Poland
Sept. 1961	**Zagreb International Trade Fair,** Zagreb, Yugoslavia.
Oct. 1961	**German Industries Fair,** West Berlin, Germany

Toymakers

Try the Venezuelan Market

Canadian exporters of toys stand a good chance to strengthen their hold on the Venezuelan market; Venezuelans are avid toy buyers and make scarcely any themselves.

G. J. FONS, *Office of the Commercial Counsellor, Caracas.*

CANADIAN toymakers who are looking for export markets should scan the prospects in Venezuela. Venezuelans have a great passion for toys, yet they make very few themselves and they import from almost every toymaking country in the world. High production costs and lack of skilled labour seem to have been the main obstacles to establishment of local toy industries. The Venezuelan plastic industry makes a few toys as a sideline but production is negligible compared with the volume of imported toys.

Venezuelans are very fond of children and frequently give them gifts of toys. Even poorer parents cannot resist the temptation of spending a few bolivars on toys for their children when they are passing the stands of the many street vendors. Shoppers are wooed by exhibitions of beautiful toys from all over the world—exhibitions set up by local agents at their showrooms and, of course, by toy shops and department stores. Street pedlars sell the cheaper types of toys the year round and these are bought at any time to surprise a child. Presents are almost a social obligation on children's birthdays and at Christmas time.

Piñatas

Children's birthdays are celebrated in style, almost like adult parties, and every boy or girl brings a gift to the host. The most exciting moment of the party is the destruction of the piñata—a paper or papier mâché figure representing an animal, a vessel or something allegorical. The child who is celebrating his birthday hits the piñata (which is suspended from the ceiling) with a stick until it breaks, spilling out its contents (candies and small toys). Japan and Hong Kong supply most of the cheap celluloid toys, whistles, etc., for the piñatas at quotations as low as 80 cents per gross.

Christmas is, of course, the time when toy sales are largest and the custom of giving presents is widespread. Where North Americans would perhaps only write a card, Venezuelans send a present and children must have gifts for all their friends and playmates. Families even compare the quality and quantity of toys their children receive and parents in buying presents for their own children try to outdo other families. Most enterprises pay their staffs up to two months' extra salary in December and large sums go for toys, often expensive ones Government departments and big companies buy up large quantities to be given away during office Christmas celebrations.

Where They Come From

The United States and Japan are the main toy suppliers, the former because of its huge domestic market and large-scale production, the latter because of the low cost of skilled labour. Both countries sell cheap toys: the U.S. mostly mass-produced plastic ones, and Japan a vast range from cheapest celluloid to cleverly made mechanical toys driven by springs or tiny battery-powered electric motors. The U.S also supplies the higher-priced mechanical lines, such as toy railways Competition from West Germany is growing, particularly in medium and high-priced mechanical toys. Canada is not a large supplier, but our sales have been rising, as the accompanying DBS figures show.

CANADIAN TOY EXPORTS TO VENEZUELA

	Dolls	Toys
	(Canadian dollars)	
1957	20,926	16,589
1958	33,845	26,015
1959	106,341	50,385

Tricycles, bicycles, toy wagon and automobiles are supplied by many countries; the better qualit ones come from Britain, Canada the United States and Germany Japan and Hong Kong offer thos in the lower-priced range.

Italy is the main exporter o dolls, popular here because of thei carefully made and elaborate clothing. Certainly attractive clothes, low quotations and modern designs account for much of the headwa made by Canadian doll manufac turers in Venezuela. Substantial quantities of Canadian dolls are exported directly but many of them go through U.S. export houses. Canadian makers of plush and plastic dolls, we are told, have increased their sales notably during the last few years.

Making the Sale

Most Venezuelan toy importers insist on being shown samples when placing orders. This requires the collaboration of a suitable local agent, who should be provided with a full set of samples early enough in the year to start his sales campaign in late March or early April. Even slight delays in the arrival of samples may affect annual sales unfavourably. Orders for delivery from August to October are usually placed in May to July.

Care should be taken to comply exactly with Venezuelan documentation regulations and with instructions given by the importer on his order sheet. This is especially important for late orders, where delays can cause considerable inconvenience.

The Venezuelan market is price-conscious and although in the toy trade novelty and originality play an important rôle, the lower quotation is likely to be preferred. Cost is so important that local wholesalers often buy on cash against documents or letter-of-credit terms, in order to enjoy the discounts granted for such payments.

The trade has generally a fair to good record for collections. Import and distribution of the cheaper lines of toys are mainly in the hands of large import houses which in turn sell to retailers of fair standing on credit, or to smaller firms or street pedlars against cash. There is a tendency, especially among the smaller importers, to pay after Christmas either by asking for such terms or by continually postponing payments. However, most accounts are usually settled by mid-January. In periods of economic stress, such as the current one, allowances have to be made for special circumstances.

Toys have not been affected by recent decrees placing so-called extravagant goods under compulsory import licensing or substantially increasing the import duties. This is a proof of the popularity that toys enjoy in this country, and an indication that toy exporters will have a profitable future here for many years to come. ●

Feature of children's birthday parties in Venezuela is the piñata. When the young host hits the piñata hard enough, it breaks open and spills out candies and diminutive toys to delight the small fry. Cheap celluloid playthings, whistles and novelties are much in demand for filling these piñatas; Japan and Hong Kong have captured the major share of this rather specialized market.

Paints and Varnishes

The Market in Iran

Various types of medium quality paints have to be bought abroad; so do raw materials. Government and oil consortium make large purchases, often by tender, but competition is keen.

A. B. BRODIE, *Commercial Counsellor, Tehran.*

THE Iranian paint and varnish industry is still in its infancy, with only three producing factories of any size. Together they have an output of some 1,700 tons a year of paints and varnishes made from imported pigments and local vegetable oils. Output includes the usual types of oilbase paints and varnishes, emulsion paints, enamels, synthetic paints and thinners.

Like other domestic industries, the Iranian paint industry receives adequate, if not generous, tariff protection of between 25 per cent to 30 per cent ad valorem. Over and above the customs duty, a new commercial profit tax of 5 per cent ad valorem has been imposed.

Market Analyzed

Imports of paints and varnishes, according to statistics published by the Customs Administration, reached a value of 780 tons worth some $830,000 in 1959. The important suppliers were Germany (37 per cent), the United States (25 per cent), the Netherlands (8.7 per cent), Denmark and Norway (each 8.6 per cent), and the United Kingdom (8.4 per cent). Apart from the commercial market here, certain government departments and the oil consortium buy large quantities of paint (over $630,000 worth a year) and these purchases are exempt from customs duties. Interesting and competitive government tenders are called from tim to time and these attract offers fron many sources. There are no restrictions on paint imports and impor permits can be obtained with littl or no difficulty.

IMPORTS OF PAINT INTO IRAN, 1958-59

(with principal suppliers)

	Weight (kilos)	Value (rials)
Oil paints		
Germany	2,286	275,613
United Kingdom	4,978	315,221
Netherlands	7,153	503,038
Total	14,417	1,093,872
Other prepared paints		
United States	6,694	490,941
United Kingdom	7,377	391,023
Ceylon	4,223	271,177
Total, including all suppliers	24,415	1,513,583
Varnishes, even if mixed with other dyes —condensed or uncondensed		
Germany	211,291	17,812,125
United States	164,033	14,647,774
Denmark	96,737	5,185,455
Netherlands	76,550	5,086,596
Total, including all suppliers	619,691	47,925,547
Synthetic shellac		
Germany	41,369	3,361,558
United Kingdom	27,675	2,562,480
Switzerland	17,066	2,982,036
Japan	7,279	292,570
Total, including all suppliers	99,182	9,613,266

Imports consist chiefly of automotive finishes, emulsion paints, industrial enamels, plastic paints cellulose lacquers and other synthetic paints.

The c.i.f. prices of United State and Western European paints are a follows:

Automotive paints	
Basic and mixing lacquers	$1.50 to $3.00 per qua
Organic paint	$1.80 to $3.25 per qua
Organic reds and maroons	$2.00 to $4.35 per qua
Automotive finishes	$2.00 to $3.75 per qua
Household paints	
Synthetic lacquers	$2.00 to $3.50 per qua
Plastic paints	$2.00 to $3.20 per qua
Emulsion latex	$2.10 to $3.35 per qua

Apart from government and o consortium purchases, paints a normally imported in one quart o one gallon containers. The mark prefers U.S. measures.

Payment terms vary from irrevocable letter of credit to three to si months after arrival of the good at the seaport of Khorramshahr i the Persian Gulf.

Sales Promotion

Manufacturers usually send the agents and distributors a good supply of illustrated folders and th farsi text is added in Iran. Adverti

ADVERTISING RATES

Cinemas	—10,000 rials per minute
	— 7,500 rials per 30 seconds
	— 5,000 rials per 15 seconds
Television	— 3,000 to 5,000 rials per minute (depending on the time of day)
Newspapers	— 1,750 rials for two 5″ x 4″ column

Note: 75 rials=one U.S. dollar.

ing in the local newspapers is common and filmstrips for the Iranian television station and cinemas have proved effective.

Approximate advertising rates for cinemas, television and newspapers are shown in the table on the left.

All the important international paint companies are doing business here. At the moment, however, the market is saturated and even the better known brands are not selling well. Iranian customers want standard quality as opposed to low grade paints. At present U.S. suppliers dominate the automotive paints market, Denmark enjoys a fair share of sales of household paints, and Dutch plants are shipping important stocks of powder paints (to which oil is added locally).

If Canadian companies can match European plants both in prices and payment terms, possibilities of entering this market are good. On tenders, Canadian suppliers must be prepared to submit a participation banker's guarantee (normally 5 per cent of the total cost) with their c. & f. Khorramshahr prices. ●

The Market in Pakistan

A thriving, government-protected industry supplies most of local needs; imports about one-third of its raw materials.

J. B. McLAREN, *Assistant Commercial Secretary, Karachi.*

PAKISTAN'S paint industry, thanks to swift expansion in the last eight years, today supplies most of the country's needs. Before partition there were six fairly large paint factories in what is now West Pakistan, but these closed down in 1947 and as a result most of the paints used were imported. The local industry never really got a foothold until it was granted protection in 1952. At that time the customs duty on raw materials was reduced and imports of paints were restricted. With foreign capital and technical assistance the industry has made great strides and now has the capacity to meet most of the domestic demand.

There are five major paint factories in West Pakistan—four in the Karachi area and one in Lahore—several pilot plants in East Pakistan, and many smaller units throughout the country. Practically all types of paints and varnishes (except automotive and marine paints) are being or can be made here. The limiting factor is the scarcity of raw materials, about one-third of which have to be imported, and the shortage of foreign exchange. The industry could treble production under more favourable conditions but this is not possible at the moment and paint manufacturers are enjoying a seller's market.

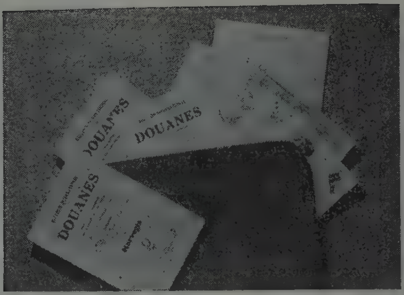
Imports Controlled

Pakistan's import policy protects the paint industry. Special paints—including automobile paints with cellulose base and synthetic enamels—are licensable, but because most of these are now made locally, only a small percentage of the quota is permitted entry. Pigments and dry colours are freely licensed (it is, in fact, only in this category of compounding materials that significant imports are made). The remaining licensing category is listed as "painters' materials, all sorts". An interesting product allowed in under this group is nitrocellulose lacquer, which is not made in Pakistan.

Opportunities to sell Canadian-made paints in this market are limited. There is a small demand for specialty paints (such as synthetic enamels and nitrocellulose lacquers) but varnishes, which are in short supply, are specifically denied entry. The demand for most other types will be met by the local industry.

Raw Materials Imported

Paint manufacturers must import the following raw materials: pigments, dry colours, lithophone, barytes, chemicals for the manufacture of synthetic resins and syrups, chalk, clays, asphalt pitch, glues, gums, resins, linseed oil, extenders, thinners and driers. In 1959, the value of imported dyes and colours was roughly \$4.9 million (\$7.7 million in 1958), and they came principally from West Germany, the United Kingdom, Japan, Italy and France. Though the market for paints, varnishes, enamels and lacquers is practically closed to outsiders, the supplying of raw materials might prove of interest to Canadian producers. ●



Trade and Tariff Regulations

Cuba

STATE TRADING—Mr. R. R. Parlour, the Canadian Commercial Counsellor in Havana, reports that an additional number of imports have been placed under the control of BANCEC, the Cuban State Trading Agency.

Included among the new imports to be controlled by BANCEC are: dry-cleaning and laundry machinery, parts for projection equipment, photographic materials, and furniture hardware.

In addition, imports of raw materials, spare parts and/or replacements to be used by manufacturers, producers, processors, fabricators of the following products and/or operators in the following industries are now subject to BANCEC:

Stones, sands, clays and asphalt
Salt
Well-drillers and excavators
Liquors, wines and vinegar
Mattresses, pillows and allied lines
Bedsheets, pillowcases, bed covers, towels and plush goods
Wadding and cotton tow
Ice cream
Butter
Alimentary pastes
Yeast
Condiments
Colouring and spices
Metal furniture and bedsprings
Plastics (fabricators and importers)
Hosiery, narrow fabrics, dyed and printed goods, knit goods
Saddles, industrial gloves and mitts
Detergents
Biscuits, sweets, confectionery, candy, chocolates, chewing gum
Garments, rain coats, umbrellas and parasols
Soap, glycerine, perfumery, cosmetics, cleaning and polishing products
Candles
Brooms
Brushes
Inks, paints, varnishes, lacquers and enamels
Glues
Aluminum articles
Galvanized products
Iceboxes
Pins and clips, springs, zippers, clasps and allied lines

For a description of the operation of BANCEC see the trade and tariff note "Cuba: State Trading Begins" in the August 27, 1960, edition of Foreign Trade.

France

NEW LIBERALIZATION MEASURES—The Commercial Counsellor for Canada in Paris reports tha the French authorities have announced a further relaxation in import restrictions maintained against certai imports from Canada, the United States, and the OEEC countries of West Europe. This measure increases th percentage of imports liberalized from these countrie from 90.5 per cent to 92 per cent.

Among the items deleted from the restricted list an therefore admitted freely are the following:

Certain chemicals and allied products
Some manufactured plastics
Woollen fabrics
Carpets
Hosiery and other clothing items
Felt hats
Floor tiles
Jewellery (except medals)
Semi-fabricated nickel or nickel alloys (bars, plates, sheets, tubes o pipes)
Hand tools
Cutlery
Pumps
Air-conditioning units
Printing machinery
Typewriters

India

METRIC WEIGHTS AND MEASURES—The Government of India has announced the introduction o the metric system of weights and measures in the lev and collection of customs and central excise duties an in the administration of import controls, effectiv October 1, 1960. The details in shipping documen relating to imports into India must now be expresse in metric units.

IMPORT CONTROLS—The Government of Ind import trade control policy, recently announced f the licensing period October 1, 1960, to March 3 1961, contains no basic change in policy. Howeve because of continuing deterioration in India's forei exchange holdings and because of expansion of dome tic production, established importers' quotas on a wi range of products have been reduced. Among the items affected are:

	Quota Reduction								
copper strip, tape, foil, etc.	from	15	per	cent	of	base	period	to	nil
copper rods, sections, pipes, tubes, etc.	“	12½	“	“	“	“	“	“	“
copper flexible tubes or pipes for passing gas or fluid under pressure	“	50	“	“	“	“	“	“	“
brass and bronze wire, rod, sections, sheets, etc.	“	15	“	“	“	“	“	“	“
alcoholic beverages	“	10	“	“	“	“	“	“	5†
cinematograph films unexposed	“	66⅔	“	“	“	“	“	“	50†
clocks	“	20	“	“	“	“	“	“	10†
calcium carbide	“	5	“	“	“	“	“	“	*
pasteboard, millboard, cardboard, strawboard	“	10	“	“	“	“	“	“	*
cellulose acetate sheets and moulding powder	“	10	“	“	“	“	“	“	5†
cellulose nitrate sheets, rods, tubes	“	10	“	“	“	“	“	“	5†
PVC compositions including moulding powder	“	10	“	“	“	“	“	“	5†

---

*nil.

†per cent

Twenty-seven new products have been added to the list of those licensable only to actual users. Among the items in this group are ferro-alloys.

Import quotas have been increased for only two items, sugar refinery machinery and spare parts for earth-moving machinery. Controls on a number of industrial machines, motor vehicle parts and medicinal preparations have been made more flexible.

Newspaper publishers are now required to obtain 20 per cent rather than 10 per cent of their newsprint from India's single newsprint mill.

Iran

COMMERCIAL PROFITS TAX AMENDED—The Government of Iran has announced new commercial profits taxes applicable to specified imports, effective August 31, 1960. The new taxes were introduced to check Iran's dwindling foreign exchange reserves and are applied against those goods in customs bond or still afloat. The taxes are levied in the same manner and at the same time as the normal customs import duties and supersede the commercial profits taxes which were announced on March 21, 1960, the beginning of Iran's current calendar year 1339.

Commercial profits taxes were first introduced in the year 1957-58, when some relaxation of import controls took place. The commodities subject to import restrictions during the preceding year, and on which import restrictions were relaxed for 1957-58, were made subject to commercial profits tax. The addition of this tax has had the effect of doubling the import duties.

Commodities affected by this amendment of interest to Canada include:

Animal fat (beef), canned fish; canned tomatoes; beer, whisky, gin; woollen textiles; kerosene heaters up to seven kilos, heater parts; iceboxes, refrigerators and coolers; television sets; tape recorders; radios and radiograms; passenger cars.

Details of the commercial profits tax affecting any particular commodity may be obtained from the Asia and Middle East Division of the International Trade Relations Branch.

BANKING SYSTEM REORGANIZED—Under the provisions of a new banking and monetary law, the functions of the Bank Melli Iran have been separated and a new bank established. The Bank Melli Iran, which up to the present has been the issuing as well as the leading commercial bank of Iran, has been divided into two separate banks: the Central Bank of Iran, and the Bank Melli Iran. The Central Bank now comprises the note-issue department and the economic exchange and the bank control divisions of the former Bank Melli Iran. All matters associated with the membership of Iran in the International Monetary Fund will now come under the Central Bank of Iran. The Central Bank of Iran will also take over the administration of government accounts. The Bank Melli Iran becomes a strictly commercial bank.

HEALTH REGULATIONS REVISED—The Commercial Counsellor, Tehran, forwarded on September 21 the text of a traffic circular issued by the Iran Airways. The circular concerns travel to the provinces of Baluchistan and Sistan in the southeast part of Iran and reads, in part, as follows:

"Due to the outbreak of cholera epidemic in Pakistan and Afghanistan, and in order to prevent its penetration into Iran, the Ministry of Health has decreed that travellers to the Baluchistan and Sistan provinces should be innoculated against cholera.

"Effective immediately, all passengers to Zahedan should be in possession of a valid inoculation certificate against cholera, or should have received the first shot of inoculation six days prior to the date of their departure.

"Please bring the above to the notice of all your ticket agents and reservationists."

New Zealand

IMPORT PROGRAM FOR 1961—The New Zealand import program for the licensing period beginning January 1, 1961, was released on September 23 by the New Zealand Minister of Customs. It provides for removal of leaf tobacco from control, and for substantially increased quotas for a considerable number of items of interest to Canadian exporters. These include canned fish, chain saws, most woodworking machinery, corrugated iron, spirits, industrial gloves, nails, large agricultural machines, and veneers, all of which have been placed under the replacement licensing system.

The program provides for total private imports from all sources of about £240 million (Can.$655 million), approximately the same level as for 1960. However, the number of exempt items is being increased from 12 to 16, those under the automatic licensing system from 30 to 63, those subject to individual consideration from 189 to 264, and those subject to token licences from 136 to 157. The number of items which are prohibited import is being reduced from 184 to 124. Similarly, there will be a reduction from 320 to 248 in the number of items receiving licences on the basis of quotas derived from the history of past imports.

The replacement licensing system has been modified in that the initial licence entitlement for any licence-holder has been increased to 100 per cent of the value of licences held for similar goods as at August 31, 1960. Under the 1960 program the licence-holder's initial entitlement was only 50 per cent of the value of licences granted for imports of similar goods during the 1959 licensing period. The maximum licence entitlement remains at 150 per cent of the value of actual imports of similar goods made by the licence-holder during the previous year.

As a result of this liberalization, about 60 per cent of New Zealand's total imports will either be exempt from licensing or will be in the replacement or automatic licensing category.

Details of the import licensing arrangements for 1961 may be obtained from the Commonwealth Division, International Trade Relations Branch.

SPECIAL LICENCES FOR TRADE FAIRS—To encourage overseas manufacturers to exhibit at New Zealand trade fairs, the Government will issue special import licences to exhibitors to cover goods displayed. A total initial limit of £10,000 has been set for the goods of any country intending to provide one or two articles of substantial unit value and £50 worth of commodities of small value. Licences are not issued for a particular fair but to an exhibitor, to permit him to show his goods in New Zealand during the current calendar year.

Application for an import licence under this scheme must be supported by the Canadian Commercial Counsellor, who can also provide details of procedure. —Wellington.

Norway

IMPORT RESTRICTIONS EASED—Over half of the remaining Norwegian import restrictions have been lifted effective July 1, 1960. Last year's import value of the commodities liberated as from that date totalled Norwegian kroner 220 million, or about 3 per cent of Norway's total imports. If tankers are excluded, only about 2.5 per cent of Norway's imports are still subject to restriction. The Ministry of Commerce has also announced that imports of all kinds of toys and all types of leather goods and products made of artificial leather will be liberalized with effect from April 1, 1961 Among the goods liberalized on July 1 are: coal and coke, certain vegetables, live animals, figs, grapes cocoa, semi-manufactures for the production of breakfast cereals, marmalade and juice made of citrus fruits some semi-manufactures and raw materials for the plastics industry, soda, calcium chloride, sodium nitrate carpets, gramophones, gold watches and most of the machinery which was previously subject to restriction —Oslo.

Republic of the Congo

IMPORT RESTRICTIONS IMPOSED—The Government of the Republic of the Congo has introduced effective August 8, 1960, sweeping import controls to protect the country's economy and foreign exchange position. Tariff rates are being raised for selected commodities and import restrictions have been introduced covering a wide range of items, some of which are of interest to Canada.

Tariffs are being revised upward on certain items including:

Processed and preserved foodstuffs, beverages; tanning and dye extracts; tires and tubes; certain types of paper and paperboard.

Among the items under import prohibition are:

Many foods and food products, including prepared meats; paints and dyes; certain wood and paper products; textiles and footwear porcelain products; many iron and steel products, including machinery, office equipment, electrical machines, vehicles and railway equipment.

Included in the prohibited category are:

Canned salmon; cooking stoves; lamps and lanterns; calculating and bookkeeping machinery, and most other complete machines; gas and marine engines; motor cars; washing machines.

Spare parts in most cases will be admitted.

Commodities of interest to Canada permitted entr subject to import licence include:

Flour of wheat (tariff item 11.01.20); salt, dried and smoked fis (03.02.10); canned herring, sardines, pilchards (16.04.31); newsprint (48.01.20); asbestos (25.24.10); tires and tubes (40.11.33).

Rhodesia and Nyasaland

IMPORT RESTRICTIONS—Effective June 30, 1960 the Federation's remaining special dollar-area impor controls were removed. Before June 30 clothing, cotton piecegoods, commercial fishing nets, radio and television sets and gramophones from the dollar area were subject to import control. All goods from the dollar area (not otherwise controlled as below) may now enter the Federation under Open General Licence.

The following goods are subject to control on import into the Federation from all sources:

A

1. Any radioactive element or any radioactive isotope of any element, excluding radium and its disintegration products in sealed containers.

2. Articles for which notice has been given to the Controller of Customs and Excise in pursuance of the provisions of any territorial law relating to copyright, as read with the provisions of subsection (1) of section 14 of the Copyright Act, 1911, of the United Kingdom.

3. Cement.

4. Clothing of the following types:
   (a) new clothing designed for military, naval, or air force use
   (b) used clothing other than the personal effects of an individual.

5. Gold including:
   (a) any unmanufactured gold in any form whatsoever
   (b) any article or substance containing such unmanufactured gold
   (c) any article consisting of or containing gold which, although manufactured, is, as such, not a gold coin or an article of commerce or a work of art or of archaeological interest
   (d) gold derived from the smelting or treatment of any manufactured article containing gold.

6. Grain bags, bagging, sacking and hessian, in the piece, of jute or substitute fibres.

7. Sugar.

8. Wheaten flour.

9. White phosphorus matches.

10. Any knife having a blade which
    (a) opens automatically by hand pressure applied to a button, spring or other device in or attached to the handle of the knife, sometimes known as a flick knife or flick gun
    (b) is released from the handle or sheath thereof by the force of gravity or the application of centrifugal force and which, when released, is locked in place by means of a button, spring, lever or other device, sometimes known as a gravity knife.

11. Secondhand accounting machines, including cash registers, calculating machines, tabulators, sorting machines, computers, receipt and coin-counting machines, and ledger and posting machines.

B

Arms and ammunition, other than the personal property of a *bona fide* traveller, require an import licence, for purposes of firearm control, from either:

1. a magistrate in Southern Rhodesia
2. the Commissioner of Police or any District Commissioner in Northern Rhodesia
3. the Commissioner of Police in Nyasaland.

Such an import licence must be obtained in all cases, unless the arms are imported by a *bona fide* traveller. In some cases, depending upon the country of origin of the firearms or ammunition, a licence is also required from the Secretary for Commerce and Industry.

C

The undermentioned goods may not be imported into the Federation without an import licence issued by either

1. the Game Officer of Southern Rhodesia
2. the Director of Game and Fisheries of Northern Rhodesia
3. the Director of Game, Fish and Tsetse Control of Nyasaland.

These goods are:

1. Game traps of metal construction, operated by springs and having a jaw length of four inches or more.

2. (a) Wild animals, wild animal trophies and wild animal products, that is to say
   (i) any bird, reptile or mammal of a species normally existing in a wild state
   (ii) the carcass or any part thereof of such bird, reptile, or mammal, including any tooth, tusk, ivory, bone, horn, shell, claw, hook, skin, hair, feather or other durable portion thereof; but not including any such part which, by a process of *bona fide* manufacture, has lost its original identity
   any flesh, fat or blood, whether fresh, dried or preserved
   (iii) any egg produced by such bird or reptile
   (b) Live fish, including the eggs and spawn thereof

Such an import licence must be obtained in all cases and in certain cases, depending on the country of origin of the goods, an import licence from the Secretary for Commerce and Industry is also required.

D

1. Certain agricultural commodities are subject to control by the Ministry of Agriculture.

2. Certain poisons are controlled by the Ministry of Health.

3. Margarine and soap are subject to special regulations administered by the Ministry of Commerce and Industry.

E

The Merchandise Marks Act, 1957, prohibits the import of goods bearing forged trade-marks or false trade descriptions or marked with offending marks in terms of sections 7 and 8 of the Act. There is also control of the use of the federal and territorial crests and the Royal crest and titles.

F

The Weights and Measures Act, 1959, and the Weights and Measures (Sale of Articles) Regulations, 1959, control the sale of certain articles in specified weights.

All other goods not referred to above may be freely imported into the Federation from the dollar area, including Canada, under Open General Licence without individual import permits.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade announced recently that it has received the following representations respecting the tariff:

Increase in duty on:

1. Gym girdling

2. Sliding-door gear

3. Women's and girls' stockings (excluding three-quarter hose) manufactured from man-made fibres (other than rayon or cellulose acetate)

4. Ballpoint pens
5. Shackles and rope clamps

Reduction in duty on:

1. Pneumatic concrete placers, including steel pipelines and accessories therefor

Rebate of duty on:

1. Asbestos for use in the manufacture of flooring tiles and sheeting
2. Asbestos for use in the manufacture of fitter sheets
3. Plain woven cotton poplins and prints for the manufacture of men's underwear
4. Cotton yarns, jute yarns and gutta-percha mixed for use in the manufacture of safety fuse
5. Components for the manufacture of rebuilt clutch plates an clutch pressure plate assemblies

Refund of duty on:

1. Rough glass for the manufacture of glassware for export.

Canadian firms exporting these goods to South Afric may wish to have their views on these tariff inquirie placed before the Tariff Board. The most effectiv method of doing so is for the Canadian exporter t have his South African agents act on his behalf. Actio should be taken as soon as possible because tari inquiries normally begin in South Africa shortly afte the announcements are made.

General Notes

Ireland

FOREIGN TRADE TRENDS—Import figures for July reveal a spectacular drop to £16 million from £20.3 million in July 1959. Exports for the first seven months of 1960 totalled £76.8 million, or some £7.5 million over the same period of 1959. Imports, at £128.9 million, were almost identical with those in the same period of 1959—Dublin.

Netherlands

DOWN PAYMENTS INCREASED—The Netherlands Government has increased the compulsory cash payment on consumer goods bought on the instalment plan. The initial down payment for cars is now 35 per cent; motorcycles and mopeds (motorized bicycles) 25 per cent; radio and television sets, gramophones, tape recorders, refrigerators, bicycles, stoves, gas and electric ranges, hot water heaters, washing machines 20 per cent; vacuum cleaners, sewing machines, furniture, furnishing fabrics, beds and clothing 15 per cent.

The decision to raise the initial down payment on these products follows the recent sharp rise in sales of consumer goods. Instalment buying, it is contended, contributes to inflation—The Hague.

Sweden

EUROPE'S HIGHEST LABOUR COSTS—Sweden has the highest labour costs in Europe, according to a report published by Chase Manhattan Bank; average labour costs per hour in Sweden are Kr.5.58. After Sweden come West Germany, Switzerland, Britain, Belgium, France, Italy and the Netherlands, in that order. The figure for the Netherlands, in Swedish kronor, is 2.95 per hour, and for the United States, 13.86.

Within total labour costs, fringe benefits—includin holiday pay, pension and insurance fees, etc.—var widely. In Italy only 57 per cent of the total labour cos is cash pay and 43 per cent fringe benefits; for Wes Germany the figures are 69 and 31 per cent, for Britai 88 and 12 per cent, and for Sweden and Switzerlan 87 and 13 per cent—Stockholm.

Taiwan

U.S. BRANCH BANKS—It was announced recentl in Taipei that the Government has given final approva to the opening of branch offices by three United State banks: the First National City Bank of New York, th Bank of America, and the Bankers Trust Corporatio

Apart from two or three European banks that maintain representative offices in Taipei, the only foreig bank that has been operating in Taiwan is the Japa Kangyo Bank. None of the foreign banks will be permitted to accept local deposits, though they will carr out all the other functions of a bank.

It is said that the primary reason for opening th new branches is to facilitate and encourage U.S. investment in Taiwan. The branches will certainly be a boo to Canadian businessmen trading with the island— Manila.

Change of Address

The office of the Newfoundland Representative o the Department of Trade and Commerce has bee moved to the Sir Humphrey Gilbert Building on Duckworth Street. Postal address is P.O. Box E-5374, S John's; telephone 2698.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02203768.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 7	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01184	84.46	(1)
Austria	Schilling		.03782	26.44	
Australia	Pound		2.2002	.4545	
Bahamas	Pound		2.7503	.3636	
Belgium and Luxembourg	Franc		.01962	50.97	
Bermuda	Pound		2.7503	.3636	
Bolivia	Boliviano	Free	.00008564	11,676.79	
British Guiana	Dollar		.5730	1.74	
British Honduras	Dollar		.6876	1.45	
Brazil	Cruzeiro	General Category*	.004274	233.96	*Sept. 27 (2)
		Special Category	.001609	621.32	
		Official selling	.05165	19.36	(3)
Burma	Kyat		.2055	4.87	
Ceylon	Rupee		.2063	4.85	
Chile	Escudo	Free	.9301	1.07515	(4)
Colombia	Peso	Certificate	.1460	6.85	
Congo, Republic of	Franc		.01962	50.97	
Costa Rica	Colon	Official	.1743	5.74	
		Controlled free	.1470	6.80	
Cuba	Peso		.9784	1.02	tax 2%
Czechoslovakia	Koruna		.1359	7.36	
Denmark	Krone		.1422	7.03	
Dominican Republic	Peso		.9784	1.02	
Ecuador	Sucre	Official	.06523	15.33	
		Free	.05722	17.47	
Egyptian Region, United Arab Rep.	Pound	Official	2.8096	.3559	
		Export account selling	2.4175	.4136	
El Salvador	Colon		.3914	2.55	
Fiji	Pound		2.4777	.4036	
Finland	Markka		.003058	327.01	
France, Monaco, etc.	New Franc		.1995	5.01	(5)
French Territories, Africa, etc.	Franc		.003990	250.63	(6)
French Pacific	Franc		.01097	91.16	(7)
Germany	D Mark		.2345	4.26	
Ghana	Pound		2.7503	.3636	
Greece	Drachma		.03261	30.66	
Guatemala	Quetzal		.9784	1.02	
Haiti	Gourde		.1957	5.11	
Honduras	Lempira		.4892	2.04	
Hong Kong	Dollar	Free*	.1718	5.82	*Sept. 16
		Official	.1719	5.82	
Iceland	Krona	Official	.02575	38.83	(8)
India	Rupee		.2063	4.85	
Indonesia	Rupiah	Official	.02174	45.99	(8)
Iran	Rial		.01292	77.42	
Iraq	Dinar		2.7396	.3650	

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*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 7	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7503	.3636	
Israel	Pound		.5436	1.84	
Italy	Lira		.001577	634.11	
Japan	Yen		.002718	367.92	
Lebanon	Pound	Free	.3073	3.25	
Mexico	Peso		.07828	12.77	
Netherlands	Florin		.2595	3.85	
Netherlands Antilles	Florin		.5229	1.91	
New Zealand	Pound		2.7503	.3636	
Nicaragua	Cordoba	Effective buying	.1482	6.75	
		Official selling	.1389	7.20	
Nigeria	Pound		2.7503	.3636	
Norway	Krone		.1373	7.28	
Pakistan	Rupee		.2063	4.85	
Panama	Balboa		.9784	1.02	
Paraguay	Guarani	Official	.007765	128.78	
Peru	Sol		.03632	27.53	
Philippines	Peso		.4892	2.04	
Portugal & Colonies	Escudo		.03415	29.28	(9)
Singapore and Malaya	Straits Dollar		.3209	3.12	
Spain and Dependencies	Peseta		.01631	61.32	
Sweden	Krona		.1894	5.28	
Switzerland	Franc		.2271	4.40	
Syrian Region, United Arab Rep.	Pound	Free	.2732	3.66	
Thailand	Baht	Free	.04623	21.63	(8)
Turkey	Lira		.1087	9.20	(8)
Union of South Africa	Pound		2.7503	.3636	
United Kingdom	Pound		2.7503	.3636	
United States	Dollar		.9784375	1.02203768	
Uruguay	Peso	Free	.08564	11.68	(10)
Venezuela	Bolivar		.2921	3.42	
West Indies Fed.	Dollar		.5730	1.74	(11)
	Pound		2.7503	.3636	(12)
Yugoslavia	Dinar	Official	.003261	306.65	(8)
		Settlement rate	.001348	645.93	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Foreign Trade Service Abroad

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel:* 33-8237
Australia (Capital Territory New South Wales, Northern Territory Queensland) Dependencies	S. V. Allen Commercial Counsellor for Canada L. D. Burke Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street SYDNEY	*Mail:* P.O. Box 3952 G.P.O. *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada I. R. Smyth Assistant Commercial Secretary	Mobil Centre 2 City Road SOUTH MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU4716
Australia	R. B. Nickson Commercial Secretary	Office of the High Commissioner for Canada State Circle CANBERRA	*Mail:* (City Address) *Cable:* DOMCAN *Tel.:* U-1304
Austria Bulgaria, Czechoslovakia, Hungary, Romania, Yugoslavia	R. K. Thomson Commercial Counsellor P. A. Freyseng Assistant Commercial Secretary	Opernringhof Opernring 1 VIENNA 1	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 57-25-97
Belgium Luxembourg, European Economic Community, European Atomic Energy Community, European Coal and Steel Community	L. H. Ausman Commercial Counsellor A. A. Lomas Assistant Commercial Secretary P. T. Eastham Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS 4	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 13.38.50
Brazil	Wm. Jones Commercial Counsellor Malcolm Rowan Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	D. M. Holton Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
Ceylon	I. V. Macdonald Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Tel.:* 91341
Chile	J. M. Knowles Acting Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	J. H. Bailey Commercial Secretary and Consul	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Tel.:* 43-00-65
Congo Angola, Central African Republic, Chad, Congo (Community), Gabon	R. A. Bull Acting Trade Commissioner	C.C.C.I. Building Boulevard Albert 1er LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Tel.:* 2706

Territory	Officer	City Address	Mail and Cables, Office Telephone
Cuba	R. R. Parlour Commercial Counsellor	Canadian Embassy Edificio Ingenieros Civiles Calle 17 y O Vedado HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* 32-3526
Denmark Greenland, Poland	K. Nyenhuis Commercial Counsellor	Canadian Embassy Prinsesse Maries Allé 2 COPENHAGEN V	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Hilda 3306
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor	Canadian Embassy Edificio Copello 408 Calle El Conde CIUDAD TRUJILLO	*Mail:* Apartado 1393 *Cable:* CANADIAN *Tel.:* 2-8138
France Algeria; Cameroon Republic, Dahomey, Guinea, Ivory Coast, Mali Republic, Mauretania, Morocco, Niger, Senegal, Togoland, Tunisia, Volta	A. G. Kniewasser Commercial Counsellor W. G. Brett Assistant Commercial Secretary C. T. Charland Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne PARIS 8e	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor W. J. O'Connor Assistant Commercial Secretary (Agriculture)	Canadian Embassy 22 Zitelmannstrasse BONN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 21971
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Italy Libya, Malta	Richard Grew Commercial Counsellor M. S. Strong Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 Rome	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 864-327
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Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary W. B. Walton Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau Beirut	*Mail:* Boîte Postale 2300 *Cable:* Canadian *Tel:* 50955
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Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
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	W. Gibson-Smith Commercial Counsellor		
	D. B. Laughton Agricultural Secretary		
	E. J. White Commercial Secretary (Timber)		*Cable:* TIMCOM
	W. A. Stewart Assistant Agricultural Secretary		
	S. G. Harris Assistant Commercial Secretary		
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United Kingdom (Scotland)	P. V. McLane Canadian Government Trade Commissioner	Cornhill House 144 West George St. GLASGOW C.2	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* Douglas 6751
	E. J. Ward Assistant Trade Commissioner (Timber)		
United Kingdom (Northern Ireland)	W. R. Van Canadian Government Trade Commissioner	36 Victoria Square BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	M. Schwarzmann Minister-Counsellor (Economic)	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
	D. A. B. Marshall Agricultural Counsellor		
	T. M. Burns Commercial Counsellor		
	J. D. Blackwood Assistant Commercial Secretary		
	J. MacNaught Assistant Agricultural Secretary		
United States	N. R. Chappell Counsellor (Energy)	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* BEAVER *Tel.:* HUdson 3-5505
United States (Connecticut, New Jersey, New York, Pennsylvania), Bermuda	B. I. Rankin Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Ave. NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400
	A. A. Caron Consul and Trade Commissioner		
	R. D. Sirrs Vice Consul and Assistant Trade Commissioner		
	F. I. Wood Vice Consul and Assistant Trade Commissioner		
United States (Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)	J. C. Depocas Consul and Trade Commissioner	Canadian Consulate General 607 Boylston Street BOSTON 16	*Mail:* (City Address) *Tel:* COngress 2-2145

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United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner R. V. N. Gordon Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building Detroit 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	G. F. J. Osbaldeston Consul and Trade Commissioner	Canadian Consulate General 510 West Sixth Street Los Angeles 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart New Orleans 12	*Mail:* (City Address) *Cable:* Canadian *Tel.:* JAckson 5-2136
United States California (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street San Francisco 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way Seattle 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 2-3515
Uruguay Paraguay Falkland Islands	Blair Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° Montevideo	*Mail:* Casilla Postal 852 *Cable:* Canadian *Tel.:* 96096
Venezuela Netherlands Antilles	W. D. Wallace Commercial Counsellor J. E. Montgomery Assistant Commercial Secretary	Canadian Embassy Avenida La Estancia No. 10 Ciudad Comercial Tamanaco Caracas	*Mail:* Apartado 11452-Este *Cable:* Canadian *Tel.:* 32.40.41.44
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam, Guadeloupe, Martinique	R. F. Renwick Commercial Secretary R. L. Richardson Assistant Commercial Secretary	Office of the Commissioner for Canada Colonial Building 72 South Quay Port-of-Spain	*Mail:* P.O. Box 125 *Cable:* Canadian *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner C. G. Bullis Assistant Trade Commissioner	Barclays Bank Building King Street Kingston	*Mail:* P.O. Box 225 *Cable:* Canadian *Tel.:* 2858

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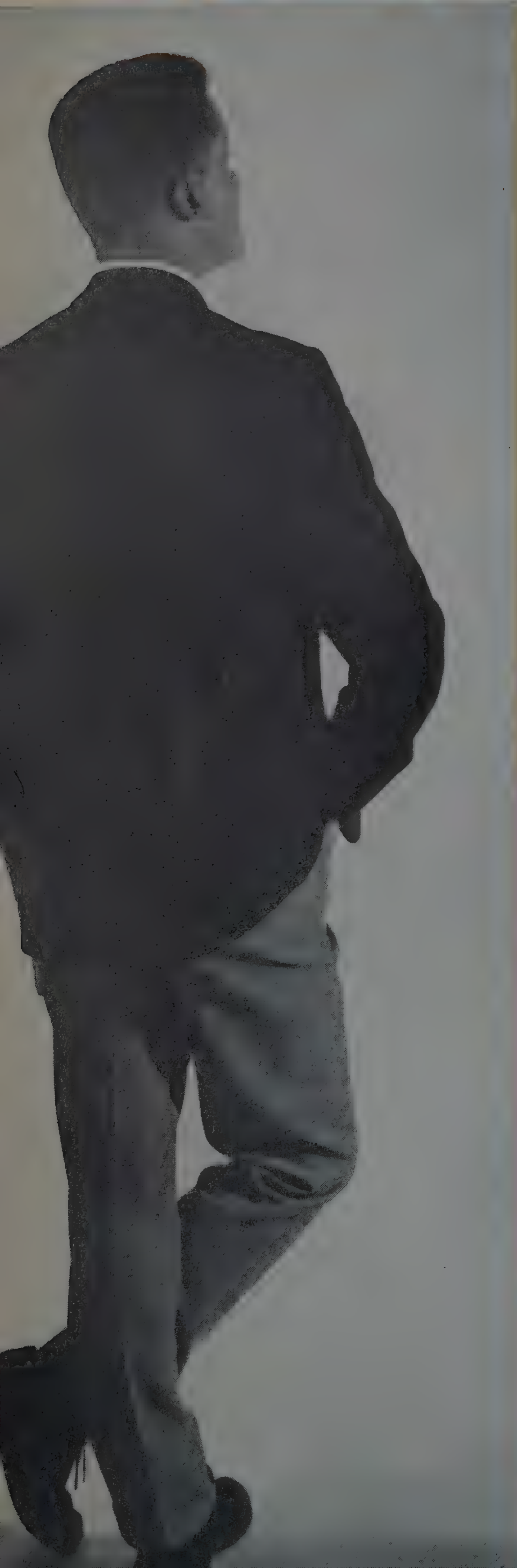

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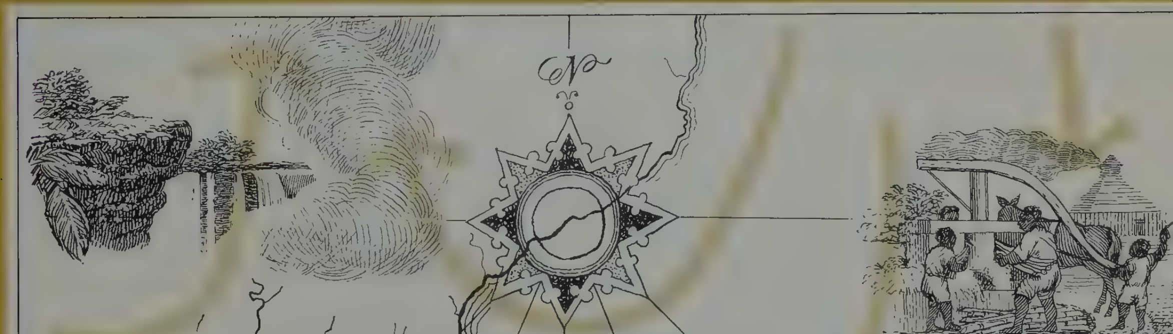
*Increase just announced puts starting salary at $4,560.

NOVEMBER 5, 1960

foreign trade

NADA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PANAMA

THE CARIBBEAN MARKETS TODAY (pages 3 to 43)

foreign trade

Established in 1904

OTTAWA, NOVEMBER 5, 1960 **Vol. 114, No. 10**

cover The Caribbean area, covered in this issue, as seen by our artist in the manner of an old steel engraving. The arrows convey pictorially the brisk movement of our trade with this area—an impression strengthened by a reading of the reports on pages 3 to 43.

CANADA

3 **The Caribbean Markets Today** . . . *our annual review of economic developments and trade opportunities in seventeen countries makes plain the potential for growth in this area.*

4 **Mexico and Central America** . . . *solid industrial and agricultural progress in Mexico; Central American picture more mixed, as coffee prices down, exports of bananas and cotton smaller.*

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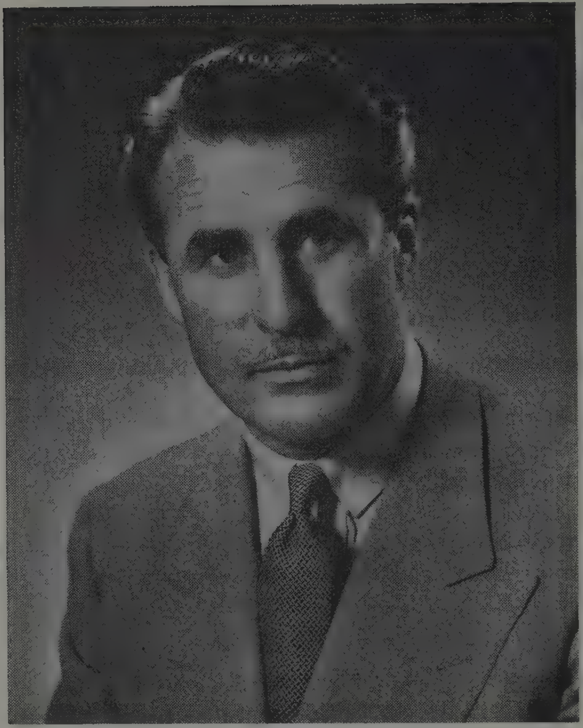


The Honourable George Hees

On the occasion of my appointment as Minister of Trade and Commerce, I welcome th opportunity of greeting Canadian businessmen through the medium of "Foreign Trade."

As Minister, my chief function as I see it is to assist the primary and secondary industries Canada in every practical way to sell their products at home and abroad. "Foreign Trad reaches primarily those of you who are already active in export markets. You realize fro personal experience how keen the competition is, not only from the rebuilt industries of Weste Europe, but also from Japan and the Communist bloc. You know also that, with initiative ar unremitting effort, Canadian companies can outsell their competitors and reap the rewards enterprise. This success should encourage others to embark upon the adventure of exporting.

In this adventure, Canadian businessmen and the Department of Trade and Commerce are partnership. We at Trade and Commerce, through the Trade Commissioners abroad and ou officers here at home, stand ready to advise, encourage and assist our exporters at all times.

I already have some insight into the problems of export trade and I expect to learn mo about these problems as the months go by. I hope to broaden my acquaintance with businessme to seek your ideas and to solicit your help in improving Canada's record as one of the world leading foreign traders. In short, I look forward to an active, fruitful partnership between gover ment and business in the years ahead.

George Hees

Minister of Trade and Commerce

MEXICO AND CENTRAL AMERICA

MEXICO

Industrial expansion expected to continue, fostered by sound government policies. Market for Canadian goods improving after 1959 slump; paper products, metals, chemicals, purebred cattle all in good demand.

BRITISH HONDURAS

Plans to diversify agriculture, improve forest management, and encourage investment in colony now moving forward. Canadian foodstuffs doing well in this restricted price market where U.S. is dominant supplier.

COSTA RICA

Lower coffee prices, damage to banana crop cut export income last year; Canadian shipments dropped slightly. Record 1960 coffee harvest has brightened outlook; new industrial legislation may attract foreign capital.

EL SALVADOR

Smallest of Central American republics has greatest industrial development; power projects, expansion in manufacturing continuing. Canadian exports up last year, with wheat flour, newsprint, aluminum in the lead.

GUATEMALA

Foreign exchange reserves, down in 1959, now rising; large coffee crop should boost income. Canadian trade suffers as import restrictions affect wheat and flour shipments and high duties curtail upper leather sales.

HONDURAS

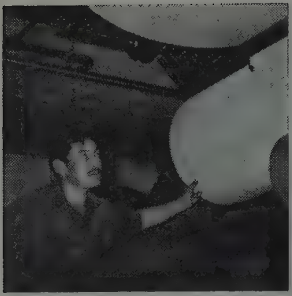
Bananas provide over half of export earnings but 1960 returns will be smaller. Canadian sales to Honduras (mainly leather, flour) far outweighed by value of bananas we buy, but our exports expanding this year.

NICARAGUA

Largest of Central American republics, agriculture produces main exports, particularly cotton and coffee. Import licensing still in effect; speed of delivery important. Canadian sales not likely to expand this year.

PANAMA

Earnings from Canal and transit trade keep income high, though foreign trade down in 1960. Foodstuffs, building materials, paper products in demand. Competition keen, but is Canada's best market in this area.



Mexico

F. B. CLARK, *Commercial Secretary, Mexico, D.F.*

MEXICANS celebrated the 150th anniversary of their independence in September and the people were able to review the economic progress made during the past year. The Government recently purchased control of the most important light and power company, a Canadian corporation, and with the acquisition in April of a U.S. subsidiary that served several interior cities, practically all of the power generated is operated by the Government. This development was linked in importance to Mexican progress with the agrarian land reform in 1910 and the nationalization of the petroleum industry in 1938.

Foreign investors took a closer look at Mexico after July, as a result of various official statements that seemed to indicate an extreme socialist trend within the Government. Subsequent pronouncements and performance, however, have made it clear that business as usual will prevail. Commercial activities have returned to normal and private capital, foreign and local, is again looking for industrial opportunities. The national census last July proved that Mexico is a big market of over 34 million people and one with a rapid growth rate, almost 3.5 per cent per year.

Financial Position Good

In the State of the Union address on September 1, President López Mateos had some favourable statistics to submit on the state of the public finances. Central Bank reserves totalled U.S.$424.6 million and a substantial credit of U.S.$345 million is available from foreign sources when it is needed. The old Mexican foreign debt—represented by bonds in circulation for almost a century—is now being liquidated, thereby improving the financial reputation of the country. Foreign obligations reached U.S.$665.8 million as of June first, 1960, an increase from the previous year. However, because domestic borrowing dropped during this period, Mexico's total indebtedness remains about the same. Despite occasional rumours within the commercial community, the Government is positive that the present financial position, together with prompt payment of international indebtedness, guarantees the present exchange rate of the peso, now freely exchanged at $12.50 pesos for U.S.$1.00.

Official expenditures reached U.S. $780.6 million in 1959, U.S.$34.8 million in excess of revenue. An improved system of collecting taxes and enforcing payment has resulted in more revenue; income tax collections alone were up 12 per cent for the first five months of this year. The public sector needs all possible revenue to complete its ambitious development program. Expenditures will be up 25 per cent this year and the general pattern of disbursements that prevailed in 1959 is expected to continue—82 per cent for basic development projects, 12 per cent for social welfare programs, and the remainder for government operating expenses.

Of the basic development pro ects in progress or planned by th Government, assistance to agricu ture has a high priority. This ai is directed mainly toward improv ments in basic crops and pastur through irrigation, credit assistanc research, and improved farmin practices. Special projects have bee initiated to promote the growth oil-bearing and tropical crops, expand the livestock industry, an to stabilize domestic supply an demand. Mexico continues to pr tect its farm producers against fo eign competition through high duti and strict import licensing pr cedures.

Total agricultural output, inclu ing fish, increased in volume an value last year, maintaining a hig level of production in this importa industry. The gross value of far products reached U.S.$2,000 mi lion, which includes livestock pr duction to the value of U.S.$77 million. Cotton receipts were dow chiefly because of smaller acrea sown, and coffee returns slumpe Production of some staple foods– such as corn and wheat—increase As the following table indicate yields of the principal Mexica crops remain high, with the exce tion of those affected by depresse international markets, such as co ton, cottonseed and coffee.

MAIN AGRICULTURAL CROPS

Product	1958	1959	Percentag change 1959-1958
	(thousands of metric tons)		
Sugar cane	16,252	18,300	12.6
Corn	5,280	5,560	5.3
Alfalfa	4,278	4,800	12.2
Wheat	1,330	1,400	5.3
Cottonseed	906	648	−28.5
Beans	520	510	− 2.0
Cotton	511	366	−28.5
Tomatoes	355	373	5.1
Rice	252	282	12.0
Henequen	121	126	4.1
Coffee	120	96	−20.0

Source: Bank of Mexico, S.A.

Difficult weather conditions w reduce crops this year but no se ous shortages are anticipated. Hot weather and unusually late rains have affected the growth of corn, beans and wheat. With larger acreage again sown to cotton, yield is expected to be about two million bales, 18 per cent greater than last year.

Minerals and Petroleum

During the first three months of 1960, the Mexican mining industry fared slightly better than in any quarter of 1959. Excluding petroleum, the total value of precious metals and industrial metals amounted to U.S.$291.2 million in 1959. Production of several industrial metals—zinc, antimony, graphite, arsenic, sulphur and mineral carbon—has increased.

Although mining has made some slight recovery, the principal problem of lower world prices remains. Meanwhile production costs are rising and high government taxes discourage further expansion of operations. Conditions may improve, however, as a new mining law to be passed in the early part of 1961 is expected to give greater benefits to this important industry.

The nationalized petroleum industry is currently producing 300,000 barrels of crude oil per day. Reserves of natural gas are estimated at 776.5 million cubic meters, a significant increase from one year ago. An accelerated drilling program has been announced—600 wells this year, 800 in 1961, and 1,000 in 1962. Most of these will be located in proven areas, but others will be drilled in 12 new fields, far from the known producing region in the State of Veracruz along the Gulf Coast.

Industry Still Expanding

A combination of foreign investments, local capital, and financial assistance from the Government has provided the means for considerable industrial expansion. At mid-1960, a total of U.S.$1,500 million was estimated as the direct foreign investment in Mexico, according to Central Bank figures. Of this amount, U.S.$52.8 million from foreign sources was invested in local industry during the first six months of 1960. Local capital has also been invested in manufacturing opportunities, often in association with outside interests. In a number of industries, however, such as transport services, commercial fishing, radio broadcasting and motion picture operations, the Government requires 100 per cent Mexican ownership. It also usually stipulates major participation by Mexican capital in industries producing raw materials or basic products.

The private sector of the economy has a powerful competitor in the Government with its numerous agencies, corporations and other official entities participating in industrial enterprises. Nacional Financiera, a government bank established to promote essential economic activities, financed new developments to the amount of U.S. $888 million up to June 1960. Almost one-half was consigned to electricity and transport, 25 per cent to oil, steel and cement, and the remainder was directed towards basic manufacturing enterprises. Besides this intervention in industry through Nacional Financiera, Pemex, the national oil industry, has been authorized to establish a petrochemical industry, leaving only minor operations for private interests. Other industrial activities under government control include factories making automobiles, railway equipment and paper, and refining sugar. Despite this widespread public ownership, private investment expenditures are gaining and now represent a higher share of the G.N.P. than in the 1939-1945 period.

MANUFACTURING INDUSTRIES: VOLUME OF PRODUCTION

Basis: 1939=100

	1958	1959
General index	251.3	268.9
Textiles	170.0	176.8
Food	281.1	293.6
Building materials	816.8	940.5
Clothing	140.5	146.1
Tobacco	169.3	169.1
Rubber, paper, alcohol	390.0	434.6

Mexico has the population to justify domestic production of practically all consumer products and a wide range of industrial goods. The President of Mexico has stated that "to accelerate industrialization is to abbreviate poverty", and this policy is now being acted upon. Besides financial assistance, the Government can offer prospective investors tax relief and some form of protection against imports. With such encouragement, a wide variety of U.S. and European products carry a "Made in Mexico" label. Aside from heavy machinery and equipment, domestic companies are now processing most consumer and industrial needs.

Foreign Trade

Mexican Governments have not played an aggressive rôle in the promotion of exports. Shippers have been hampered by export taxes and permit requirements and have often refused small orders because of the documentation and duties. But this past year has seen a notable improvement, as the present regime is more aware of the need to increase exports. Taxes on shipments proceeding to foreign markets have been either reduced or eliminated. To publicize Mexican products, participation in international trade fairs has been increased and a number of trade missions have gone to foreign markets, returning similar visits to Mexico.

As a result of President Lopez Mateos' official visit to several South American countries last January, Mexico joined the Latin American Free Trade Area. An active local organization has been established, selected from commercial groups and government departments, to prepare for this economic co-operation between Latin American countries. A list of 407 products has been sent to the Montevideo central

SOME LEADING MEXICAN IMPORTS

Description	1958	1959
	(in U.S. dollars)	
Machinery installations	45,352,000	54,152,000
Automobiles for private use	72,736,000	63,384,000
Metal spare parts for machinery	50,896,000	52,748,000
Petroleum and products	57,824,000	40,592,000
Trucks	33,136,000	36,456,000
Machines mechanically operated	44,184,000	39,672,000
Automobile parts and engines	24,064,000	23,944,000
Organic and chemical mixtures	20,416,000	21,800,000
Iron and steel scrap	23,856,000	20,328,000
Tractors	15,696,000	18,424,000
Natural or artificial crude rubber	13,976,000	16,968,000
Chemical fertilizers	16,224,000	16,640,000
Newsprint	8,744,000	13,656,000
Spare parts for airplanes	12,216,000	12,056,000
Spare parts for tractors	11,200,000	12,080,000
Insecticides	16,784,000	9,304,000
Railway rolling stock	11,256,000	7,784,000
Cellulose paste	6,016,000	5,568,000
Iron and steel pipe	10,040,000	3,624,000
Permanent railway material	20,008,000	360,000

office and to other member nations —products that Mexico desires to export within the Union. This country looks forward to improved economic efficiency with participation but at the same time realizes the obligations involved.

Commodity exports reached U.S. $720.6 million in 1959, up U.S. $11.5 million over 1958. For the first five months of this year, trade is down slightly. Raw cotton accounted for 28 per cent of the total value in 1959, followed by coffee (8.6 per cent), shrimp (5.4 per cent), cattle (5.3 per cent), lead (5.1 per cent), copper and zinc. Canada was the number three customer for Mexican products last year when U.S. transhipments are included. This trade increased to U.S.$34.6 million, an improvement of U.S.$2.5 million over 1958.

Import Permits

While Mexican exports improve, the Government works at cutting back imports. On a long list of products made in the country, or for which an acceptable substitute is produced, duties are very high and permits to import are required. These are often refused and, if approved, the process takes time. There is also a form of "compensated exchange", a type of barter arrangement, for all imports ordered by the public sector as well as for a substantial number of products imported through commercial channels. The exporter or his local representative must arrange for the export of a Mexican commodity equal to the value of the order received. This shipment can be made to a third country, the commodity is specified by the government bank for foreign trade, and the entire transaction is usually handled by the bank for a modest commission.

Canadian traders should not be discouraged by this array of restrictions, as the volume of Mexican imports is still high. In 1959 they were valued at U.S.$1,002 million, a reduction of U.S.$125.9 million from 1958. In 1960 imports are rising again, with a monthly average of U.S.$96 million.

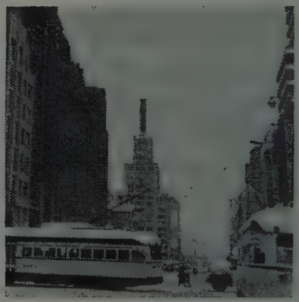
Trade with Canada

Canadian exports to Mexico in 1959 totalled U.S.$27.8 million, down from the previous year and the lowest volume since 1954. Business is better this year, however, and the first seven months showed a U.S.$2 million improvement over the same period in 1959. Fir orders to be shipped before the en of this year, including partial delivery of a U.S.$12.5 million orde for rails placed in Canada by th National Railways, should increas 1960 exports to an above-averag figure.

Newsprint is the leading expo from Canada, followed by cellulos for making artificial fibres, aluminum, drugs and chemicals. Thes leaders will maintain their positio or improve them within the next fe years. Exports of other manufactured products like papermaker felts, electric meters, motors an parts, and certain machinery line will decrease as local productio expands to supply the market. Canada could improve sales of fine an specialty papers, sulphite pul breeding livestock, fertilizers, meta and certain industrial chemicals.

Outlook

Mexico is accustomed to a hig rate of economic growth and th must continue in order to serve th expanding population. Governme officials are pursuing policies designed to maintain the present ra of industrial expansion and at th same time to hold the external de at an acceptable level in relation foreign exchange earnings. On priority projects are being finance from abroad and the quotations an terms are carefully scrutinized f the best bargain. In view of the sound policies, optimism over futu prospects for the Mexican econom seems justified. ●



British Honduras

C. G. BULLIS, *Assistant Trade Commissioner, Kingston.*

BRITISH HONDURAS, a small British colony of about 8,600 square miles, is situated on the eastern coast of Central America between Mexico and Guatemala. The living standard of most of the population is relatively low and the difficult terrain and sub-tropical climate have slowed development. The Colonial Office provides grants totalling B.H.$9 million* a year to improve services and facilities and it is hoped that these will help to stimulate private investment.

Tropical forests have traditionally supplied the principal means of support for the British Hondurans. But this is changing rapidly, and a more diversified economy, based primarily on agriculture, is emerging.

Farm Output Rises

To assist in its diversification program, British Honduras has been allotted a quota of 25,000 tons of sugar under the terms of the Commonwealth Sugar Agreement. Production reached 16,700 tons during the 1959-60 crop year but yields have been discouraging this year (estimate, slightly over 15,000 tons). More land has been planted for next year, however, and efforts are being made to attract a second sugar mill with a capacity of 15,000 tons a year to help process the bigger crop.

The citrus industry has also grown swiftly. Since the large groves in the Stann Creek area were planted some ten years ago, output has risen steadily and export earnings reached some B.H.$1.9 million in 1959. Soil content and climate are particularly suited to citrus production, though yields are regarded as considerably below potential because of inadequate use of fertilizers.

The accompanying table illustrates the growth of the industry during the past three years, as well as the changing importance of various citrus products. Nearly all its exports go to the British market.

The 3,000 Mennonites from Mexico and Canada who have settled in British Honduras during the past three years have developed commercial mixed farming to the point where the country is self-sufficient in poultry products. Local officials are now discussing the possibility of building a modern abattoir with a view to exporting chilled meat products to the United States market.

CITRUS EXPORTS

	1957 B.H.$	1958 B.H.$	1959 B.H.$
Grapefruit	306	179	104,523
Segments	773,361	676,769	502,335
Juice	96,747	136,565	162,738
Concentrate	58,506	28,212	82,455
Orange juice	143,929	583,122	541,916
Concentrate	265,909	383,345	502,447
Total	1,338,758	1,708,192	1,896,414

New Life for Timber Trade

Because of poor forest management and inadequate reforestation in the past, the mahogany forests in British Honduras have been depleted. As an interim measure, local authorities have been experimenting with fast-growing species of softwood, such as balsa, as well as searching for markets for secondary hardwoods that have so far been ignored.

A number of potentially important logging areas thought inaccessible in the past are now being opened up. The best known is the large Cockscomb Basin area which, according to latest reports, is being leased by U.S. interests. A plywood operation has also been mooted but this is only in the preliminary stages. If either or both of these ventures materialize, they will provide a much needed shot in the

BRITISH HONDURAS TRADE

	Imports		Exports	
	1958	1959	1958	1959
Total trade	$18,516,241	$19,561,208	$9,087,878	$9,563,038
Trading partners (per cent)				
United States	42.78	41.59	13.78	15.76
United Kingdom	32.74	33.55	48.31	53.25
Trinidad	5.85	5.37	1.27	
Netherlands	4.79	5.21	.97	.24
Canada	1.99	2.12	1.30	.90

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*B.H.$1.46=Can.$1.00.

arm for the British Honduras lumber industry.

Industrial Incentives

The recently adopted Industrial Incentive Ordinance, which brings British Honduras more in line with other countries in the Caribbean, was designed to provide incentives to capital investment. It grants relief from customs duty, entry tax and income tax for new enterprises (or new portions of existing ones) for periods up to ten years. Local officials hope that the improved investment climate will attract light manufacturing and processing industries to turn out goods for both the domestic and export markets.

At present a large U.S. garment manufacturer is negotiating with British Honduras officials. Indications are that an agreement will soon be reached whereby the firm will build a plant employing 300 persons to make clothing for export to the U.S. market.

The search for oil in British Honduras is continuing; the latest entry is a Canadian firm which was granted a concession for off-shore drilling. A number of major U.S. and British companies have been carrying out exploration for the past ten years but without success.

What Colony Buys

Imports continue to climb steadily in all major categories, with a few noticeable exceptions such as sugar and well-drilling machinery. The table on page seven shows British Honduras total trade during the past two years, plus market percentages for each of the five principal trading partners.

Canadian food products are being imported in increasing quantities and there are opportunities in particular for our potatoes, onions and canned goods.

Pickled meats are a big seller in British Honduras and any Canadian supplier who is in a position to compete with U.S. prices could export several hundred barrels a month. Cheap tinned meats consisting primarily of animal offal are also in demand, with the largest volume in the small 3¼-ounce size.

In addition to consumer goods, opportunities are open to Canadian manufacturers of logging and cane-harvesting equipment, such as chains and wire rope. Structural steel, cement, hardboard and ga vanized pipe are also in demand.

Because of the low income c most of the population, British Hor duras is primarily a price marke Canadian firms should therefor consider offering lower priced line or seconds whenever possible to im prove their competitive position.

Costa Rica

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

COSTA RICA, with an area of 19,700 square miles, is the second smallest of the five Central American republics both in area and in population. Of its 1,100,000 people, about 85 per cent are of European descent. Within the past two decades, the population has doubled; it increases by about 4 per cent a year, one of the highest rates in the world. The per capita average income in Costa Rica, at $325* in 1957, is the largest in the Central American republics and one of the highest in all Latin America.

Traditionally, Costa Rica's principal exports have been coffee, bananas, cacao and lumber, but in recent years abaca (manila hemp), livestock, fresh and frozen beef, lobster, shrimp, insecticides and vegetable shortenings have all been exported. However, coffee is by far Costa Rica's largest single earner of income and foreign exchange, accounting for some 55 per cent of total annual exports and nearly 52 per cent of foreign exchange earnings. Bananas are the second most important product and in normal years account for 29 per cent of total exports. Meat took third place among exports in 1959; 150 per cent more frozen beef was shipped from Costa Rica than in 1958 and earnings from sales abroad of beef and of live cattle totalled U.S.$3 million.

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*All values pertaining to Canadian trade are in Canadian dollars but all others are in United States dollars.

In 1959 Costa Rica suffered a double setback in export trade. One was a late coffee harvest that achieved a new high in volume but did not yield anything close to the expected and much needed foreign exchange income because of the serious slump in world coffee prices. The second setback was the serious and extensive wind damage to banana plantations. The exportable portion of the 1959-1960 crop was cut drastically and the foreign exchange receipts went down in proportion. The result of these adverse developments was that by the end of March 1960, Costa Rica's foreign exchange reserves dipped to $16.8 million from $24.6 million a year earlier.

Since in an agro-pastoral country such as Costa Rica the income from exports of crops must be distributed over the entire year, the outlook for the rest of 1960 is rather clouded because there is little prospect of substantial improvement in world coffee prices or of greatly increased banana production.

Coffee Big Earner

It is estimated that in 1960 Costa Rica will earn some U.S.$43 million in foreign exchange from the new record crop of 835,000 sacks of coffee, (735,000 sacks for export because, under the new International Coffee Agreement signed last year, Costa Rica is allowed an export quota of 88 per cent of its production).

Costa Rican imports from all countries were valued at approximately U.S.$104 million in 1959, 4 per cent higher than in 1958 and about the same as in 1957. As usual, the U.S. supplied 50 per cent.

At the end of the first quarter of 1960, Costa Rican imports from the U.S. were down 18 per cent to U.S.$9 million and its exports to the U.S. had decreased 36 per cent to U.S.$7 million, in relation to the corresponding figures for 1959. West Germany, other European countries and Japan are assuming more and more importance as suppliers to Costa Rica, especially of iron and steel products, electrical equipment, industrial machinery and chemicals.

Trade with Canada

Statistics for the year 1959 show a marked slowdown in both our import and export trade with Costa Rica in comparison with 1958.

	1958	1959
	(Canadian dollars)	
Canadian imports from Costa Rica	7,127,302	4,809,671
Canadian exports to Costa Rica	2,883,825	2,644,171

Source: Dominion Bureau of Statistics.

This down-trend in our trade with Costa Rica was still in evidence during the first five months of 1960. Our imports from Costa Rica during this period decreased 50 per cent in value compared with the corresponding period in 1959. A development worth noting, however, was the rise in the value of Canadian shipments to Costa Rica to a point where the trade was practically in equilibrium. Pertinent figures are given below:

	January to May		
	1958	1959	1960
	(Canadian dollars)		
Canadian imports from Costa Rica	2,471,781	2,659,363	1,358,037
Canadian exports to Costa Rica	1,244,099	900,853	1,176,892

In 1959 Canadian wheat flour sales (the largest single export) kept up fairly well and wheat exports nearly doubled, but there was a drop in sales of Canadian upper leather, down to two-thirds the 1958 value. Newsprint exports showed some gain.

Statistics for the first seven months of 1960 put Canadian exports to Costa Rica at $1.66 million, which compares favourably with the $1.45 million of 1959 and the $1.62 million of 1958. Our main exports continue to be wheat flour, newsprint and leather, but this year wheat is out of the picture altogether.

Industrial Activity

In September 1959, the Costa Rican Government approved the Law for Industral Protection and Development, an energetic measure aimed at increasing capital investment in the country. Almost complete exemption from customs duties and taxes on machinery and raw materials for new plants, plus other generous concessions, are granted under this legislation. Its passing has brought forth proposals for the building of a $7 million fertilizer plant which would be expanded later if necessary to meet the demand from other Central American countries, under the Central American Free Trade Area arrangements. A factory to produce synthetic textiles from imported raw materials is also proposed. A group of Japanese businessmen has suggested the erection of a U.S.$6 million paper mill near Puerto Limón, and other groups have recommended the setting up of small oil refineries. Although these projects are still under discussion, they are evidence of the interest that the law has awakened among investors, both in Costa Rica and abroad. ●

El Salvador

H. E. LEMIEUX,
Trade Commissioner,
Guatemala City.

EL SALVADOR is the smallest but the most highly industrialized and most densely populated of all the Central American countries. It covers 7,700 square miles and its population of nearly 2.5 million is the second largest in the area, next to Guatemala. In 1957, the average per capita income was estimated at U.S.$207, equal to the average for Central America as a whole.

Business picked up swiftly in El Salvador towards the end of 1959, because of quick forward sales of coffee and cotton at good prices, but the tempo has since dropped slightly. However, the outlook for 1960-61 remains good.

In April of this year exports from El Salvador were running 30 per cent less in value than they were in April of last year. On the other hand, various other sectors of the economy showed general improvement and the country continues to progress moderately. Prospects for 1961 are for further advance as a result of larger exports and new capital investment.

Coffee shipments, which provide 75 per cent of El Salvador's foreign exchange earnings, were 13 per cent larger in volume during the first quarter of this year than they were during the equivalent period last year. Last June the gold and foreign exchange reserves reached U.S.$40.6 million, 8 per cent higher than at the end of 1959. They should continue to rise because the prospects for coffee exports appear good.

Foreign Trade

In 1959 exports were valued at U.S.$112.2 million, 3.3 per cent less than in 1958 because of lower world prices for coffee and cotton. Imports totalled U.S.$100.8 million, or 6.7 per cent less than in 1958, but the country still had a favourable balance of trade of nearly U.S.$12 million.

In the four months January-April 1960, exports amounted to U.S.$65.5 million, 3.1 per cent higher in value than during the corresponding period in 1959. Imports totalled U.S.$35.3 million, or 4.2 per cent over the corresponding figure for January-April 1959. The net result was a favourable balance of trade of approximately U.S.$30 million.

Trade with Canada

Canadian exports to El Salvador, valued at Can.$2,151,000 in 1958, rose to $2,570,000 in 1959, mainly because of a sharp increase in shipments of Canadian wheat flour to this market. Newsprint ranked second among our exports at $400,00 ($410,000 in 1958) and primar aluminum third, with sales wort $122,000 compared with none i the previous year. Fourth in lin came upper leather, and althoug the 1959 figures show a decrease i exports of this product, this wa slight.

Canadian imports from El Salvador jumped to $3.9 million in 195 from a mere $1.2 million in 1958 mainly because of purchases c raw cotton worth $2.8 million, compared with only $95,000 the yea before. This meant that the $1 million trade surplus in our favour i 1958 was changed into a $1.3 million trade deficit in 1959. Up t the end of May 1960, no furthe cotton purchases by Canada had been recorded and our sales to this market were continuing to hold up well.

	January-May 1960
Canadian exports to El Salvador	$1,035,867
Canadian imports from El Salvador	$ 562,271

Developing Hydro Power

The World Bank recently granted El Salvador a loan of U.S.$3.84 million to finance the Rio Guajoyo hydro-electric project, the total cost of which is U.S.$5.54 million. The Guajoyo power plant will be equipped with a 15,000-kilowatt turbo-generator and this will increase El Salvador's hydro-electric power from 45,000 to 60,000 kw. within the next three years, and to 75,000 kw. when the projected fourth generator group is installed. Of World Bank loans totalling U.S.$35.5 million granted to El Salvador, U.S.$19.5 million has been spent on hydro developments.

Later this year the Salvadorean Government will call for tenders for the installation of a 15,000 kw. hydro-electric power station. Consumption of electricity continues to rise at the approximate rate of 15 per cent a year.

The hydro-electric plant at the "5th of November" substation of the Rio Lempa Hydro-Electric Power Commission. Generating capacity in 1960 totalled 45,000 kw.; expansion under way at present will boost this to 70,000, and total capacity is estimated at some 78,000 when work is completed.

In 1952 the Salvadorean Government enacted the Manufacturing Industries Development Law which extends generous concessions to investors, such as certain exemptions from duties and taxes. Earlier this year the Salvadorean Assembly passed a bill devised to make more capital available to industry and imposed new and higher protective tariffs. These and other measures have helped to encourage investment in a number of light industries. In 1956 there were 2,500 industries in El Salvador employing 45,000 people; the index of manufacturing activity has now risen from 100 in 1956 to 110 in 1959. Below is a tally of new industries which have recently been established in El Salvador, and others which are still at the negotiation stage:

- A sugar refinery, which commenced operation last March with a daily output of 230 metric tons and employs 200 workers, including several German and Cuban technicians. This refinery will process locally produced sugar; the 1959-60 season's crop is estimated at a record 47,000 metric tons.

- A U.S.$1 million plant to manufacture paints and allied products, opened last May by Sherwin Williams of Central America. This plant has a licensing agreement with the U.S. firm but the capital is Central American.

- A shrimp-freezing plant established earlier this year and reported able to meet all the needs of the domestic shrimp industry.

- Expansion of the textile factory to produce knitted goods (mainly socks) by next November, with the help of an International Finance Corporation investment of $140,000.

- A U.S.$2½ million plant put up by Salvadorean and Mexican companies to manufacture electric conductors and a copper rolling mill with a capacity reported as large enough to take care of Central America's needs of copper wire and insulated cable. These plants are expected to begin production within the near future. The wire and cable plant is partially financed by U.S. capital.

- A wheat flour mill, "Molinos de El Salvador S.A.", is expected to go into operation very soon. It is situated at Port La Union, where imported wheat can be unloaded directly from vessels to mill silos through suction pipes. Estimated cost of machinery and equipment is U.S.$4 million. The mill is expected to produce enough wheat flour to meet Salvadorean requirements.

- A U.S.$10 million plant to produce highly concentrated nitrogen, phosphorus and potassium fertilizers, with a daily capacity of 400 tons. There are plans for another plant to produce 250 tons of nitric acid daily and a third to produce 150 tons of ammonium nitrate a day.

- Royal Dutch Shell is soon to begin construction of a U.S.$10 million oil refinery, with daily capacity of 10,000 barrels. The refinery will turn out gasoline, kerosene, diesel and fuel oil, and liquid gas.

- Plans to set up a U.S.$300,000 milk-processing plant with a daily capacity of 25,000 litres of pasteurized and homogenized milk. ●

PUENTE
PUNTA GORDA
Km 51.175

"Puente", Spanish for "bridge", marks the approach to the Punta Gorda span on the new Atlantic Highway that runs from Guatemala City to the Caribbean coast.

Guatemala

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

GUATEMALA, with an area of 42,000 square miles, is third in size among the republics of Central America. Its population of 3½ million is by far the largest, but the per capita annual income is one of the lowest in the area—only $162 in 1957. Its main exports are coffee, bananas and cotton, in that order. Forecasts for the next crop season are for record or excellent yields, especially for coffee, which makes up 72 per cent of total exports.

According to preliminary figures, Guatemala's exports in 1959 totalled U.S.$103 million and imports U.S.$134 million. The United States, by far the country's most important trading partner, took approximately 63 per cent of Guatemalan exports and supplied 55 per cent of her imports.

Late in 1959 the Government banned the import of nearly 100 items and both specific and ad valorem duties on some 600 items were raised by 20 per cent. These restrictive measures were taken as a precaution against steadily falling foreign exchange reserves, the result of the continuing slump in world coffee prices. The consequent sharp drop in imports, combined with the large seasonal volume of coffee shipments, is gradually improving the country's foreign exchange position. At the end of last April, gold and foreign exchange reserves stood at U.S.$58 million, or 17 per cent above a year earlier.
Moreover, the International Mone
tary Fund recently approved a $1
million standby credit but none o
this has yet been drawn.

Industrial Development

Lured by attractive governme
legislation, relative political stabilit
and the prospect of additional bus
ness opportunities presented by th
slow and gradual development o
the Central American Free Trad
Area, several new light industrie
have gone into production in Guat
mala this year. Among them are
mill to make kraft and other pape
and paper products; a factory t
produce multiwall bags for ceme
and animal feed; a kenaf plant wit
a rated capacity of 3.5 million coffe
bags a year, in addition to twi
and a variety of other products; an
a printing plant to produce mu
tiple-sheet business forms.

Earlier this year, the Expor
Import Bank granted a U.S.$
million loan to the Banco de Guat
mala to finance the purchase o
machinery and equipment in th
United States for the expansion o
private industries.

Economic Development Plan

Last July, the Government o
Guatemala approved for 1960-196
what is in effect a prolongation o
the Five-Year Plan instituted i
1955. This is a flexible plan th
gives some indication of the ec
nomic sectors on which money w
be spent.

The Plan calls for over-all e
penditures of nearly U.S.$170 mi
lion, one-third of this to be finance
by the United States foreign a
program, and the rest by borrowi
abroad. Slightly more than U.S.$6
million is allotted for roadbuildi
and improvement; nearly U.S.$2
million for improving agricultu
cattle-raising and allied industrie
about U.S.$19 million for publ
works; U.S.$15 million for hydr
electric development; some U.S.$1
million for public health; over U.
$8 million for the development

the timber-rich Petén area in the north; nearly U.S.$4 million on mapping, and the remainder on housing projects and port facilities.

The prospects for Canadian exports to this country are not too clear at the moment because so much depends on a variety of factors, such as:

- the foreign exchange earned by the current coffee crop
- the extent to which both direct and indirect import controls are relaxed
- the extent to which the temporarily high protective rates of customs duty are lowered (if they are)
- the competitiveness of Canadian offerings.

The figures below illustrate the recent pattern of Canadian-Guatemalan trade:

	1958	1959	Five months 1959	1960
	(thousands of dollars)			
Canadian exports to Guatemala	3,660	2,655	1,134	823
Canadian imports from Guatemala	3,587	2,718	1,753	1,434

During the first seven months of the current year, Canada's sales to Guatemala totalled $1.1 million, nearly 25 per cent less than in the corresponding period in 1959. By comparison, Guatemalan imports from all other countries are running 11 per cent below 1959.

The reduction in the value of Canadian exports to this country during the January-July 1960 period is due principally to the loss of most of our market here for wheat and wheat flour and, to a lesser extent, to a significant drop in Canadian shipments of upper side leather. The reason for the decline in shipments of wheat and wheat flour is the prevailing restrictions on such imports; for leather, the decrease in business is the result of very high import duties put into effect in 1959 that continue to apply. The result has been a switch to local sources of supply.

Guatemala expects to have a record coffee crop of 1.6 million bags, 19 per cent larger than last year's crop. Other coffee-producing countries expect bumper crops, but the forecast is that the increase in the volume of Guatemalan coffee available for export will more than offset the decline in world coffee prices. This augurs well for the country's foreign exchange income and makes prospects for sales there more promising. ●

Honduras

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

HONDURAS is the second largest of the republics of Central America, with an area of 43,200 square miles; its population, at 1.8 million (in 1957), is the second smallest. With Guatemala, it has the lowest average per capita income of all the Central American countries—U.S. $163, according to a 1957 survey.

At the end of June 1960, the Honduran economy was in much better shape than in 1959, even though the quicker tempo of last year was slowing up. The outlook for the remainder of 1960 and for 1961 is uncertain, and the general mood is one of caution—even pessimism.

The foreign exchange position improved somewhat in the first half of the year and at the end of June 1960 international reserves stood at U.S.$14.3 million. Although government authorities consider this low, it is not expected that exchange restrictions will be needed this year. Last March the International Monetary Fund granted the Honduran Government a standby credit of U.S.$7.5 million to meet the seasonal adverse balance of payments. Of that amount, U.S.$2.5 million was drawn by the end of June.

Some Problems

The financial dilemma of Honduras stems mainly from production and sales problems in the banana industry, which in normal times provides over 55 per cent of total exports and foreign exchange earnings (coffee exports account for only 15 per cent). In 1959 Honduran banana exports dropped 11 per cent from 1958 and this year the banana yield is expected to be even lower because of blowdowns and the spread of Panama disease.

Another drawback has been the failure to attract foreign investment. There was hope for improvement for the remainder of 1960—the prospect of a large pulp and paper operation by Crown Zellerbach—but negotiations have recently broken down and nothing is likely to materialize, at least within the foreseeable future. Unless other capital investment can be attracted, therefore, the forecast is that the foreign exchange situation will be even more difficult by the end of the year.

Some Progress

The Government's stabilization program seems to have achieved a good, if not full, measure of success; prices are steady and there is no alarming sign of inflation. In fact, the general economic situation can be described as one of status quo. There are also a few encouraging new developments:

● Last June, the World Bank allowed the Honduran National

Power Company a 25-year loan totalling U.S.$8.8 million for partial financing of the Rio Lindo hydro-electric project. It is also expected that the Development Loan Fund will lend U.S.$2.9 million for this project.

- The Bank of London and Montreal next January will open a branch in San Pedro Sula, a leading business centre in Honduras. Three other banks, all Honduran, have begun operations in Tegucigalpa and San Pedro Sula. The new branches provide better banking facilities, promote increased business activity, and permit lower transfer rates.

Foreign Trade Declines

Honduran foreign trade slumped in 1959 compared with the previous year, as shown in the following table:

HONDURAN FOREIGN TRADE

	1958	1959
	(millions of U.S. dollars)	
Exports	75.7	68.7
Imports	66.0	61.8

Despite this adverse development, the country ended 1959 with a favourable trade balance of nearly U.S.$7 million. As usual, the principal suppliers were the United States (nearly 55 per cent of total imports), Japan (over 8 per cent), and Germany (7 per cent), followed by El Salvador and the United Kingdom, in that order. The U.S. also took about 55 per cent of Honduran exports; Germany and El Salvador absorbed about 9 per cent each.

The total value of Canada's imports from and exports to Honduras (Can.$6.1 million in 1958) dipped to Can.$3.85 million in 1959, and our traditionally unfavourable balance of trade was cut almost in half. The pattern of this trade in the past two years is shown by the following DBS figures.

The decrease in the value of our exports in 1959 was caused principally by a significant reduction in shipments of our two leading exports—upper side leather and wheat flour. The big drop in our imports from Honduras stemmed almost entirely from sharply reduced banana purchases.

CANADIAN-HONDURAN TRADE

	1958	1959
	(thousands of Can.$)	
Canadian imports from Honduras	4,902	2,905
Canadian exports to Honduras	1,213	954

During the first five months of 1960, Canadian imports from Honduras declined and exports to Honduras increased, compared with the same period of 1959. Our purchases from Honduras totalled $731,978 at the end of May this year compared with $1,166,571 at the end of May 1959; our sales were valued at $564,736 and $382,480 in the same period. ●

Nicaragua

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

NICARAGUA is by far the largest of the Central American countries and had a population on June 30, 1959, of 1,423,000 compared with 1,399,000 a year earlier. Two-thirds of its people live in rural areas and the other one-third are considered to be city dwellers. This may be misleading, because many urban workers are seasonal crop pickers.

Industry Encouraged

Up to now, Nicaragua has been mainly an agricultural country; manufacturing accounts for little more than 10 per cent of the national income. However, a number of industrial projects are being planned or are already under way. The meat-packing industry is growing slowly and exports of frozen boneless meat have increased in recent years. The Matdero Modelo plans to double its annual production to 100,000 tons and a cold-storage plant with a capacity of 600 tons is projected for Puerto Corinto. This meat will be shipped to Europe.

Industrias Nacionales Agricolas has applied to the Department of Economy for benefits under the Law for the Protection and Encouragement of Industrial Development. It plans to install the country's first flour mill in the town of Chinadega, near Puerto Corinto, at a cost of U.S.$3 million. Our information is that this mill will be financed by a large U.S. flour-milling company. It is expected to turn out 32,200 tons of wheat and corn flour and 5,700 tons of animal feed concentrates. It is, of course, still in the planning stage.

In the textile field, Fabrica de Hilados Nicarao is expanding its plant which makes socks, stockings, underwear, and nylon and jersey materials, using German-made machinery. This factory is said to be the largest and most modern of its type in Central America. Van Heusen de Centro Americano has opened a new factory in Managua to make shirts and it is reported that it will be able to supply the entire Central American market. A cellulose factory is also being considered.

Among the other projects are:

- A plywood plant which went into production last year and which is endeavouring to export to the United States market.

- A factory to turn out plastic pipe and hose and polyethylene bags. This is financed by Mexican capital.
- A plant in Managua to make aluminum windows, venetian blinds, and allied products.
- Construction of a soluble coffee plant in Managua, and of one to make nails and barbed wire, is making good progress.

Future plans include the installation of two mills to refine higher grades of sugar and for enlarging a fruit and vegetable canning plant, where sauces, jams and jellies are already being produced.

To assist present and future manufacturing plants the Government is increasing production of hydro power. Good progress is being made on the Rio Tuma hydroelectric project and to advance the work on it the World Bank has granted a 25-year, U.S.$12.5 million loan to Nicaragua's Light and Power Company, a state entity. In addition, the U.S. Development Loan Fund has granted the company a U.S.$2.5 million loan for the same purpose. This project will complete the current electrification and irrigation program.

Foreign Trade

Nicaraguan exports in 1959 were valued at U.S.$72.2 million and imports at U.S.$66.8 million, leaving a favourable trade balance of U.S.$5.4 million. The country's main markets were the United States (U.S.$19.2 million), Japan (U.S. $15.6 million), and West Germany (U.S.$10.2 million). In 1959 the U.S. supplied U.S.$34.8 million of total Nicaraguan imports, West Germany U.S.$5 million, the Dutch West Indies U.S.$4.3 million and Japan U.S.$3.4 million. Canada ranked ninth as a supplier, with approximately U.S.$1.5 million. By commodity groups, Nicaragua's main exports were cotton, contributing U.S.$29.3 million, and coffee U.S.$13.9 million. Its main imports were machinery (U.S.$10.7 million), chemicals and pharmaceuticals (U.S.$9.6 million), iron and steel products (U.S.$5.5 million) and foodstuffs (U.S.$5.1 million).

It is noteworthy that during the first six months of 1959 Japan for the first time became Nicaragua's best customer, buying U.S.$15 million worth of goods, 68 per cent of which was cotton. The United States was the second best customer, buying U.S.$12.2 million worth of Nicaraguan products. However, the United States continued to be the number one supplier, sending U.S. $17.5 million worth of U.S. products to Nicaragua in the six months.

Canadian-Nicaraguan Trade

The general down-trend in Nicaragua's foreign trade in 1959 was reflected in the Canadian-Nicaraguan trade statistics, as the comparative DBS figures below show:

	1958	1959
	(thousands of Can.$)	
Canadian exports to Nicaragua	1,890	1,530
Canadian imports from Nicaragua	2,660	310

In 1959 the value of Canadian wheat flour sales to Nicaragua rose sharply, and sales of drugs and chemicals moderately, but shipments of upper leather and (to a lesser extent) of newsprint decreased in value. The reduction in the value of Canadian imports from Nicaragua resulted mainly from the very small Canadian purchases of raw cotton and from a decrease in coffee purchases.

As most Canadian exporters know, payments for imports into Nicaragua, the only country in this area with an import licensing system, must normally be made by sight draft; for a very few specific items, payment by letter of credit is permitted. The importer must make a local currency deposit of 100 per cent of the c.i.f. value of imports of less essential and non-essential goods, (lists II and III respectively). Because of the tight money supply, importers are insisting more and more on prompt delivery of goods because they cannot recover their prior deposits until these are shipped.

The delivery factor has now become important for the Nicaraguan importer when he decides where to place his orders. Canadian exporters are therefore urged to fill and ship orders to Nicaragua as promptly as possible, and to offer attractive delivery terms. We know of instances where orders were placed with non-Canadian suppliers because Canadians were considered too slow in making shipments.

Full information on Nicaragua's import regulations, shipping documentation and customs regulations are available from the Latin American Division of the International Trade Relations Branch of the Department of Trade and Commerce.

Economic Outlook

There were signs of some improvement in the Nicaraguan economy at the beginning of 1960, but the outlook for the remainder of the year is not promising. Gold and foreign exchange reserves, which stood at U.S.$15.5 million in April 1960, were about U.S.$4 million below the figure of a year earlier. The backbone of Nicaraguan export trade is coffee and cotton, and this year these crops were disappointing. The cotton crop, for example, (the principal source of foreign exchange) is down 40 per cent over last year because of smaller plantings and disease. The outlook for the next crop is poor; it is not expected to yield more than U.S. $16 million in foreign exchange, or 45 per cent less than in 1959. Furthermore, it is not expected that Nicaragua will meet its quota of coffee—302,000 bags (of 60 kilos each)—under the International Coffee Agreement for the 1959-60 season, and coffee is normally the second largest foreign exchange earner.

It thus seems clear that export earnings will drop substantially in

1960. Up to now, Nicaraguan imports have been running at a lower figure than last year and the downtrend is continuing. This development is a grave one in a country where two-thirds of government revenue comes from customs duties.

At the time of writing the only bright prospect is the 1960-61 coffee crop, which promises to be excellent, but to what extent this may be cancelled out by a poor cotton crop it is too early to say. The expectation is that Nicaraguan exports in 1960 will not exceed U.S.$57 million. As a result, the Government of Nicaragua this year introduced an even smaller and more austere budget than last year. Under the aegis of the National Development Institute, Nicaraguan farmers are encouraged to make the country self-sufficient in food crops and even to produce enough to leave some surplus for export. Active efforts are also being made to diversify agricultural production. The Government is endeavouring particularly to reduce its dependence on cotton exports and is diverting marginal cotton lands to other crops to develop new sources of foreign exchange. ●

Panama

H. E. LEMIEUX, *Trade Commissioner, Guatemala City.*

THE Republic of Panama occupies the isthmus connecting North and South America. It has an estimated area of 29,000 square miles, excluding the Canal Zone which divides the country in half. By treaty the United States has the use and control in perpetuity of the Canal Zone—a strip of land extending five miles on either side of the Canal. Panama City and Colon, the two terminal cities, are excluded from the Zone.

In 1959 the Panamanian population was estimated at nearly one million, with an average rate of growth of 2.54 per cent a year. Sixty-five per cent of the population is rural; the remainder live in Panama City and Colon. In 1950, the average per capita income was estimated at U.S.$342, far above that in any of the Central American republics.

Big Trade in Food Products

Panama's most important commercial crops (most of which are exported) are bananas, cacao and abaca. Bananas normally provide well over 60 per cent of total exports. In normal years shrimp are the second most important export; in 1957 they represented 28 per cent of the total value, followed by cacao (4 per cent). Panama's new export is beef cattle and it now sells limited quantities of dressed beef to the United States. Shipments of cattle on the hoof are rising.

Panama's biggest commercial imports are foodstuffs. Most of the food it needs still comes from abroad, even though it has become self-sufficient in staples such as coffee, rice, corn, sugar, starch (yucca), beans, potatoes, coconuts, yams, papayas, pineapples, mangoes and citrus fruits. Other big imports are petroleum, building materials, textiles and paper products.

Effects of Canal on Business

Preliminary figures for the first nine months of 1960 indicate that Panama's foreign trade is running lower than in past years. Credit is tightening and business activity is declining. But when making forecasts for Panama, the Colon Free Zone and the Canal Zone, the primary factor to consider is economic conditions in the United States, because these have a direct effect on Canal Zone activity. With the recovery from the recession in the U.S., general economic conditions should improve in the Panama area.

Business conditions in Panama also depend a good deal on world shipping activity. In 1959, traffic through the Canal showed signs of reaching a record. In the fiscal year ended June 1959 vessels in transit averaged 30 a day compared with 26 in the previous fiscal year. It has been estimated that Canal operations yield over U.S.$20 million every year in direct benefits to Panama, including wages, contracts awarded to Panamanian firms, and local purchases of materials, consumer goods and services. In addition, the growing free-trade zone established in the terminal city of Colon in 1948 provides a substantial tourist business.

Income from operation of the Canal (toll fees, transit trade, etc.) normally pays for more than one-half the cost of Panama's imports. Because of the large and regular flow of dollars from the Zone and from heavy transit-trade income, Panama does not usually have balance-of-payment difficulties, as do most of the other Central American countries.

Industrial Development, Roads

Although Panama is still considered an under-developed country, industrial production and building continue to increase. A United States organization is planning to invest U.S.$109 million in the Portobelo area close to Colon, of which U.S.$45 million is slated for an oil refinery; U.S.$14 million for a petrochemical plant that will produce, in addition to the usual petroleum products, materials such as urea, ammonium anhydride and industrial alcohol, and U.S.$51 million for a steel mill.

Last year a vegetable-oil processing plant was established using as raw materials copra, peanuts and sesame. Its daily productive capacity is 25 tons of oil. This development also includes deodorizing and bleaching facilities plus a hydrogenation plant to make 20,000 pounds a day of lard and margarine.

Other major works in the planning stage include improvements to the Canal and to shiphandling facilities. The stretch of Inter-American Highway from Panama to Costa Rica is scheduled for completion this year. New secondary roads will also be built and others improved, following the recent announcement of a $7.2 million World Bank loan to Panama for road construction and improvement. Ten new feeder roads are to be built in potentially rich agricultural areas and eight existing ones paved. The roads will open large new areas to settlement and will help to boost agricultural production and reduce transportation costs.

Imports Drop

Panama is in the enviable position of being able to import about four times as much as it exports, thanks to United States payments, including toll fees from the Canal Zone, and invisible revenue from other sources. The following table shows the sharp decrease in Panamanian imports during 1959 compared with the year before. A pro-rating of the nine-month figures suggests that even when all 1959 returns are in, the total value of Panamanian imports in 1959 will have dropped steeply from 1958. (Note: Statistics of Panama show wide discrepancies with those of Canada, the United States and other countries. This is mainly because export values of products in Panama are recorded arbitrarily and do not reflect direct sales of consumer goods to the agencies in the Canal Zone; these are substantial but difficult to evaluate.)

PANAMA'S FOREIGN TRADE

	1958	1959 9 months
	(millions of U.S. dollars)	
Imports	93	44.2
Exports	21	17.8

Traditionally, over half Panama's imports come from the United States, even though there is a definite and constant trend towards diversification in sources of supply. The U.S. supplied over 50 per cent of total imports in 1959, compared with a reported 96 per cent in 1956.

The neighbouring countries of Central America are becoming more important as suppliers, and Japan, Britain, West Germany, Belgium and Canada are all making inroads into the market.

Canadian-Panamanian Trade

Canada's unfavourable balance of trade with Panama in 1958 more than doubled in 1959, according to DBS figures. However, the sharp decline in our exports to Panama in 1959 was the result of inflated figures in 1958 because of sales or transfers of ships. Canadian shipments in 1959 of wheat flour, newsprint, whisky, cellulose products, antibiotics and medicinal preparations all increased over the year before. As usual, Canadian imports from Panama were confined almost entirely to bananas.

The decline in the value of our exports to Panama persisted during the first seven months of 1960, and exports from Canada were valued at Can.$2.11 million compared with Can.$2.49 million during the corresponding period in 1959—a significant drop of some 18 per cent.

CANADA-PANAMA TRADE

	1958	1959
	(thousands of Can.$)	
Canadian exports to Panama	5,393	4,031
Canadian imports from Panama	7,488	8,907

Our Best Customer

The remainder of 1960 does not look too promising for Canadian firms exporting to Panama. Competition is extremely keen in most lines, particularly from the United States. There is also growing competition from Japan, Britain and other European countries.

This is a market that calls for energetic sales promotion, as Canada's best customer in Central America. Last March the Panamanian Government imposed restrictions on additional food products to protect local industry. Principal products affected are dehydrated tomatoes, rice in any form, non-tropical fruits, edible oils and fats. A general tariff increase of 1 per cent of the f.o.b. port-of-export value was levied on all imports into Panama effective January 6, 1960. This means that Canadian exporters will have to be even more alert and more competitive if they are to maintain and increase their share of this small but attractive market. ●

Changes in Head Office Directory

With the appointment of The Honourable George Hees as Minister of Trade and Commerce, the listing for the Minister's office in the Head Office Directory now reads as follows:

	Gov. local
Minister: The Honourable George Hees	**2-0337, 2-0336**
Executive Assistant: M. R. Jack	**6-7052**
Private Secretary: Mrs. Rita Taylor	**2-0337**

THE WEST INDIES

THE WEST INDIES

Establishment of industries, diversification of agriculture, building up of tourist trade have marked past year. Good progress made towards agreement on customs union, taxation powers, incentives to industry, and other phases of a permanent constitution for Federation.

BARBADOS

Sugar crop smaller this year but tourist revenue up; import trade improving. Canadian sales increasing, with new products finding customers.

JAMAICA

Expansion of bauxite mining, record sugar cane harvest, erection of new plants, bigger tourist trade make economic picture bright. Imports from Canada rose 12 per cent in first half of year.

LEEWARD AND WINDWARD ISLANDS

Taken together, these small islands make up $4½ million market for Canadian goods. Manufactured goods now figuring in our sales, following removal of import restrictions on most products.

TRINIDAD AND TOBAGO

Foreign trade still growing, but less rapidly; Canada supplied 6.2 per cent of imports in '59. Some import restrictions remain in this market but sales outlook promising for many types of consumer goods.

CANADA'S TRADE WITH THE WEST INDIES

Canadian exports to the Federation expanding, following dismantling of most import controls; new products are being added to our steady best sellers there. Canadians watching steps taken towards customs union.

—The harbour at Port-of-Spain.

The West Indies

R. G. C. SMITH, *Commissioner for Canada, Port-of-Spain.*

AS a result of long and arduous negotiations over a formula that would link up the territories of the British Caribbean, the West Indies Federation came into being early in 1958 with what may be described as a "caretaker" constitution. This was to last for five years, during which time there would be a constitutional review conference with the British Government ". . . in the light of progress made towards establishing a customs union within the Federation and other relevant factors . . ."

Not all the British colonial territories in the Caribbean joined the new Federation. British Guiana, British Honduras, the Virgin Islands and the Bahamas stood on the sidelines. This left an island Federation of Jamaica, Trinidad, Barbados and seven of the Leeward and Windward Island groups. This was and is a courageous and ambitious plan for providing independence to a number of territories, many of which would be considered too small for separate self-government, and for creating a new country that could take its place among the other self-governing Dominions.

Problems of Union

The initial "experiment" is now halfway through the maximum time provided for the interim constitution and much progress, political and economic, has been made towards the ultimate goal—independence with Dominion status within the Commonwealth. Perhaps the last twelve months will come to be regarded as the most crucial in the advance towards the goal of the fledgling nation.

The first formative years have not been easy. On the other hand, history reveals that all federations have had a difficult task in the early welding together of the various members. The West Indies Federation has been no exception. The problems principally stem from the fact that the ten islands taken together are small in area (about 7,750 square miles), yet are spread over an enormous expanse of sea. Moreover, these islands vary greatly in size, in economic viability, and in potential production. Jamaica is the largest and has about half the total population of some 3¼ million. Trinidad, the second largest in land mass and population (about 800,000), has the highest per capita income which rests very largely on its oil production and refining industry. The smallest island with a separate government is Montserrat, with a population of not more than 12,000.

Although the island economies are basically agricultural (even in Trinidad, with its heavy dependence on oil for its prosperity, sugar is by far the largest employer of labour), the pattern of production varies considerably among them. Moreover, there is a dangerous lack of diversification in each island so that the economies are vulnerable to world markets and to climatic catastrophes or even to nature's excesses. (Too much or too little rain is a common "non-disaster" phenomenon that has an immense effect on the wellbeing of the islands, and hurricanes or even very high winds can shatter an island's income almost overnight.) Although recently bauxite and alumina have become the principal over-all money-earners in Jamaica, that island depends on sugar, bananas and citrus, with smaller crops of pimento, ginger, coffee and tobacco, for a large share of its income and for its main employment. Trinidad has sugar, cocoa, citrus and coffee; Barbados sugar; Grenada nutmegs and mace and bananas; St. Lucia bananas and sugar; St. Vincent arrowroot, bananas and sea island cotton; Dominica bananas, citrus and some spices; Montserrat cotton and a few vegetables; Nevis cotton; St. Kitts sugar; Antigua sugar and cotton.

Most of the islands are overcrowded and there is an almost endemic unemployment problem, but some areas are under-populated. Barbados, on the one hand, is one of the most densely populated areas in the world. On the other hand, Dominica—with its surface broken by densely forested steep mountains—is short of people.

Progress in Industry

Much has been done in recent years to develop a more diversified economy. Although efforts at agricultural diversification have shown some results (the introduction of banana cultivation in the Windwards has had a spectacular economic effect) great efforts have been made in Jamaica, Trinidad and Barbados to introduce light industries. In Jamaica and Trinidad industry is now an important and vital segment of the economy and it can be expected to expand rapidly. Certainly the pace of industrialization over the past year has accelerated.

The spectacular development of industries in Jamaica and Trinidad in particular has brought a welcome and necessary economic diversification to the area as a whole, but inevitably it has created new problems and stresses in the working-out of the future independent Federation embracing a full customs union. Understandably, these new industries need a measure of protection to enable them to survive in a world of giants. For the small islands with only a limited industrial potential, this will mean higher costs of many essentials under customs union. The reconciliation of these two conflicting forces has been a major problem. Yet it is a problem that has been faced realistically and solutions are in sight.

Tourist Industry Important

Keeping pace with industrialization but on a wider basis, the tourist industry has become a major economic factor with an immense potential for growth. Each year the islands report a larger tourist trade spread over a longer period. Most developed in Jamaica and Barbados, it has had a spectacular growth within the last year or two in Antigua. In Trinidad and Tobago it is also expanding rapidly. Plans for new hotels and new development of sites are mushrooming as communications improve. In Grenada, St. Lucia and St. Kitts, new hotels are springing up that will add greatly to the income of the islands. As an example of the importance and growth of the tourist trade, for the first eight months of 1960 Jamaican tourist arrivals numbered 164,000, a 19 per cent increase over the same period last year. The tourist expenditure in 1959 for Jamaica is estimated at close to U.S.$32 million (compared with total exports worth about $130 million and with total exports of sugar at $34 million and of bauxite and alumina at about $58 million). Similarly, tourist income in Antigua and in Barbados is assuming an increasingly important part in the islands' economies.

Added to these economic problems there are intense island loyalties, born of long years of independent government—but with virtually no interdependence. The relative lack and cost of inter-island travel and communication have made and still make it difficult for the islanders to know each other well.

Since the establishment of a central government, and faced with the design of an ultimate constitution that would establish a fully independent Dominion, the islands have begun to appreciate and assess the implications of Federation. During the past year these implications have given rise to much political dispute when differences of views concerning the strength of the central government vis-à-vis the units became sharpened under the constitutional review put in hand in September 1959. Not only are there differences between islands, but there are sharply divided opinions within some islands. Thus Jamaica has called for a referendum over continued membership in the Federation. This will probably be held early in the new year.

Good Progress Made

Throughout the year inter-governmental committees have been hammering out formulae for the new nation that will give it a new and permanent constitution. Much progress has been made in reaching agreement on the basis for representation in the central government, taxation powers, customs union, freedom of movement of peoples, and incentives to new industries. All of these new proposals, not yet made public, will be considered at a major inter-governmental conference that will probably be held late this autumn.

At the moment, although the Federation is two-and-a-half years old, there is no customs union, no common external tariff, and no free movement of the peoples of one island to another. For example, goods imported into one island from another have to go through customs and pay the same rate of duty as those imported from, say, Canada. People wishing to move from one island to another are still subject to immigration inspection and must have permission to settle permanently. Thus traders must still deal with island customs rates and monetary controls rather than with a single unified structure. However, as mentioned, much progress towards unification in these and other fields has been made during the last year. Provided the other constitutional differences are ironed out and the Jamaican referendum resolves the doubts of that island over federation, a start towards full customs union with a common external tariff may be expected in the relatively near future.

Area Needs Outside Help

Fundamentally the establishment of a permanent federation of islands will not at once alter the economic pattern. Traditionally there has been little inter-island trade and it will take time to build this up. At the moment, all of the Leeward and Windward Islands, with the exception of St. Kitts, receive grants from the United Kingdom Government to enable them to balance their budgets. In spite of improving incomes (from bananas and tourists mostly) so far this form of subsidy has not tended to diminish, because the need for improved social services, educational facilities, and better transportation facilities is vital and has absorbed the increases in revenue.

For the moment, the Federation is bolstered by considerable external aid. The United Kingdom Treasury has provided a grant of £8.75 million as budgetary aid for the Windward and Leeward Islands for the period 1958-1963. At the same time, under the Colonial Development and Welfare Act, The West Indies has an allocation of £9 million for the five years 1959-64. In addition there is the $10 million aid from Canada which is to be spread over the years 1958-63. This is being spent on various mutually agreed projects, the most important of which is the provision of two ships for inter-island trade. The United States has also developed a program that so far involves expenditures up to $3.64 million, which includes a contribution of $2.5 million to a Federal Development Loan and Guarantee Fund. The total, however, only includes one year's contribution of $50,000 each to the Windward Islands and United States Co-operative Service and to The West Indies-United States Co-operative Service. The agreements, however, provide an annual allotment in the same amount from June 1959 to June 1964, subject to the availability of funds.

During 1960 the foreign trade of the area continued to expand rapidly, as it has done almost uninterruptedly since the end of the war. For example, both imports and exports for the area as a whole increased just over three times in value from 1949 to 1959. Imports are now valued at the equivalent of about Can.$532 million and exports at about $439 million. For the first six months of 1960, imports for the three major islands increased by over 15 per cent and exports by nearly 10 per cent.

Economic Expansion

Generally 1960 has been a year of considerable economic expansion. In large measure this increase in trade resulted from a generally record sugar crop. Taking into account the fact that the Federal territories have received nearly 49,000 long tons of the high-priced U.S. sugar quota and that the over-all return per ton for exports to all countries will otherwise be above that of 1959, this one crop will produce significantly larger revenues.

In addition, the bauxite and alumina picture in Jamaica is improving. For the first seven months, exports of these basic products were valued at the equivalent of about Can.$53 million, which compares with under $41 million for the same period last year.

Due to adverse climatic conditions including a near-hurricane in St. Lucia, the spectacular rise in banana production in the Windwards was checked during 1960 and the final return for the year may be below that of 1959. Similarly in Jamaica, which is still by far the largest individual producer, shipments so far this year have been below those of last year.

In the oil-producing and refining field, the anchor of Trinidad's economy, a huge new refinery came into operation early in 1960 which increased capacity by over one-half of that already installed. In spite of a costly strike in July that effectively stopped most production of crude and refined products, output of both will again score new records. To the end of June daily crude production was 118,078 barrels per day, 8,418 barrels over the same period in 1959. The throughput daily average for the same period was 210,645 barrels per day against 189,600 last year. The throughput averages should continue to expand rapidly as the full capacity of the new refinery is brought into operation.

The current year has witnessed real progress towards full liberalization of trade. The old Trade Liberalization Plan that stood in the breach when currency restrictions were stifling trade between the sterling and dollar areas was abolished at the beginning of the year. At that time most of the old restrictions against dollar trade had been dismantled or were in the process of being eliminated. At the present time only in Jamaica and Trinidad do any significant restrictions remain. In both territories, in deference to the need to protect the new industries growing up there, quotas are retained on a number of items of interest and potential interest to Canadian exporters. In Jamaica these quotas are applied to imports from all territories without any discrimination, but in Trinidad imports from the United Kingdom and other Colonies are not subject to most of the quotas that have been established. However, a further round of liberalization is expected for Trinidad.

Few Restrictions

In the meantime, traders should recognize that in the Windwards, Leewards and Barbados the only controls that remain present almost no brake on the development of trade. Even in Trinidad and Jamaica the majority of trade may now be carried on quite freely. It is important that if any exporter finds his goods are being affected by currency or quota controls, he should communicate with the Canadian Trade Commissioner in either Trinidad or Jamaica to inquire into the circumstances. It is possible that with a better understanding of the situation, some relief may be obtained.

Export Opportunities

The year 1960, then, has opened up a valuable and rapidly expanding market for Canadian exports, particularly for manufactured goods. Canadian trade has still the advantages of substantial duty preferences over the competition from non-British sources. There could not be a more favourable trading climate. Naturally industrialization in the area will tend to change the pattern of exports—not only to Jamaica and Trinidad but to the area as a whole. With the possible introduction of customs union in the foreseeable future, inter-island trade will expand and some imports into the smaller islands will be obtained from the industries of Jamaica and Trinidad. On the other hand industrialization, combined with an expanding tourist trade, is increasing the purchasing power and the demand for better quality goods. Thus, although some products that have come from Canada in the past will be and are being affected by these developments, new opportunities for trade in many other manufactured goods, food products, machinery and raw materials are being opened up. ●

Barbados

R. L. RICHARDSON, *Assistant Commercial Secretary, Port-of-Spain.*

THE market in Barbados depends chiefly on revenue from sugar and its byproducts, molasses and rum. The sugar crop was better than expected in 1959, with production reaching 184,000 tons. Exports of sugar rose about 20 per cent over the previous year, although sales of molasses and rum were slightly lower. Buyers were cautious in 1959, following the poor 1958 crop (152,000 tons) and imports increased only 2 per cent over the previous year, reaching $75 million. The severe drought early this year was expected to reduce the sugar crop even below the poor 1958 figure. However, rainfall towards the end of the growing season revived some of the cane and 154,000 tons were harvested. Trade has picked up in the first half of 1960 and imports are expected to reach $80 million for the full year.

Other Sources of Revenue

Next to sugar, the tourist industry is the chief source of revenue. Modern hotels, seatels (motels on the sea) and resorts are being built along the famous sandy beaches. In 1959, there were 1,500 rooms for tourists and this number will rise considerably when the projects now under way are completed. Sixty-four tourist ships are scheduled to visit Barbados during 1960. A number of the hotels cater to visitors who stay for several months and the revenue from the tourist trade has gone up steadily—from $5.7 million in 1958 to $7.5 million in 1959, and the 1960 returns will show a further increase.

Other sources of revenue include the flying-fish industry; the catch is increasing each year. A brewery is now under construction and a furniture factory started production last month; the latter is expected to employ 400 persons when it is working to capacity. The deep-water harbour at Bridgetown is nearing completion and an independent harbour authority has been set up to handle the expected increase in freight. It will provide bulk loading of sugar, a valuable asset in this all-important industry.

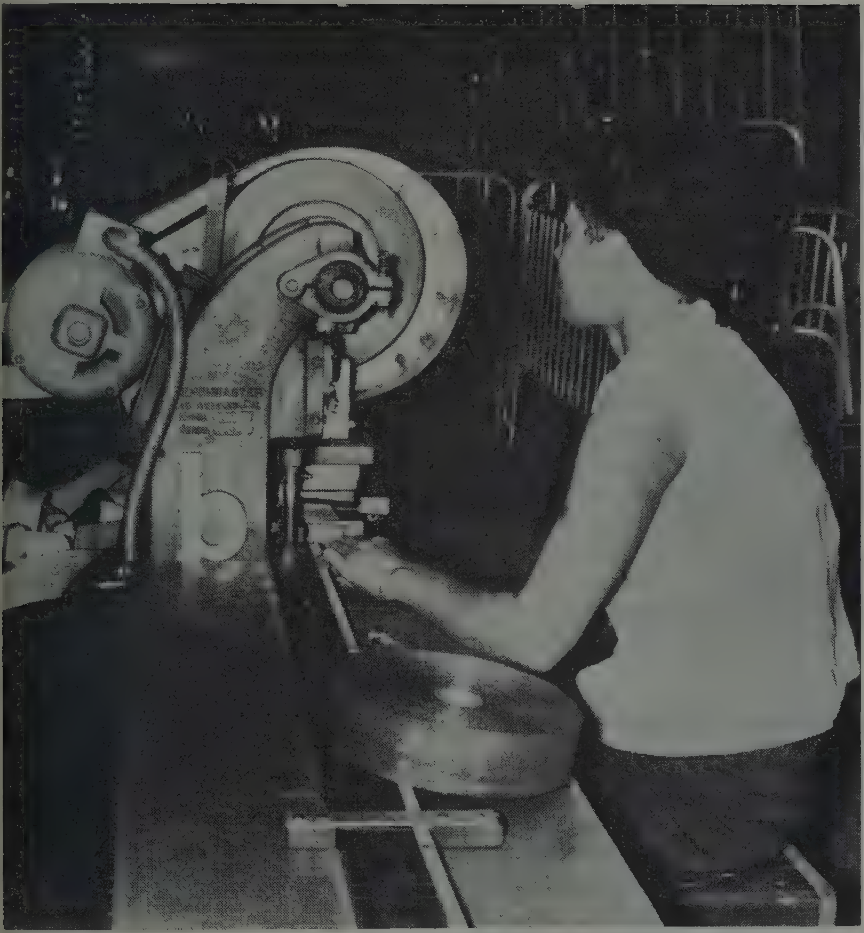
Canadian Trade

Trade between Canada and Barbados is closely balanced. Canadian sales to Barbados dropped off slightly in 1959 to $4.1 million, from $4.2 million in 1958. Our purchases from Barbados (chiefly sugar, molasses and rum) increased to $4.8 million in 1959 from $3.7 million in 1958. The big difference in the pattern of trade is that Barbados exports to Canada almost entirely sugar and its byproducts, but Canada sends to Barbados over 330 different types of products.

The chief commodities in Canadian shipments are flour, pickled pork, lumber, salt cod, sardines, cornmeal, mixed feeds and tobacco; it was smaller sales of these that brought about the decline in total exports in 1959. Partially offsetting this decline were larger exports of apples, soups, split peas, tallow and manufactured goods. Sales of automobiles, metal furniture, perfumery and jewellery more than doubled; exports of automobiles reached Can.$30,000 for the first half of 1960 compared with no sales in 1958, when imports of Canadian automobiles were prohibited. Canadian exports to Barbados of these goods, plus household appliances, are expected to increase considerably during the remainder of this year. ●

All values in West Indies dollars, unless otherwise stated.

One W.I. dollar=56 cents Canadian.



—Jamaica Industrial Development Corporation.

Jamaican-made aluminum garden furniture has become popular with Canadians. Here a Jamaican girl works on the strips of webbing that cover aluminum chair frames.

Jamaica

H. E. CAMPBELL, *Trade Commissioner, Kingston.*

BUSINESS in Jamaica is on the upswing and prospects for the future are bright. In the lush green mountains of the interior, bauxite mining is being expanded. Along the north coast, just 90 miles across the Caribbean from Cuba, resort hotels are enjoying a record influx of tourists. In Kingston, capital and commercial centre of the island, new factories are under construction and large low-cost housing projects are under way.

Agriculture is still the basic industry of Jamaica, and a large percentage of the labour force works in farming and allied occupations. Sugar is the main crop; the cane just harvested has yielded a record 418,275 tons of sugar. Output of bananas is down slightly, but production of citrus, coffee and cocoa is rising.

The potential for growth in agriculture has been recognized in the Government's Ten-Year Development Program. Nearly a quarter of the £80 million to be spent under the program has been earmarked for development of the livestock industry and for improvement of cocoa, coffee, pineapple, ginger, pimento and other crops.

The Boon of Bauxite

Mining in Jamaica is a postwar development and currently represents an investment of about $200 million. Reserves of bauxite are estimated at close to 600 million tons of commercial-grade ore—enough to last 100 years at the present rate of production. Deposits are located within 10 to 25 miles of the coast and extraction costs are low.

Three companies—two U.S. and one Canadian—are engaged in bauxite mining. The two U.S. companies kiln-dry the ore before shipment to U.S. smelters. The Canadian company reduces the bauxite it mines to alumina, the stage before actual smelting. Early this year the Canadian firm opened a second alumina plant, costing £12 million, at Ewarton in the centre of Jamaica. With this additional capacity, alumina production can be stepped up to 750,000 tons from the present 500,000.

The Aluminum Company of America, largest bauxite-mining organization in the world, has announced its intention to open a mine in central Jamaica. Construction will start at the end of this year and the mine is expected to be in operation by 1963. The U.S. company plans to spend $15 million on mining facilities and railway equipment during the next two-and-a-half years. Shipments of ore will total about 750,000 tons a year at the outset, but could go as high as a million. With royalties on mined bauxite being paid at 56 cents per ton, the entry of this fourth company into Jamaica should boost government revenue appreciably.

In commenting on the agreement the Hon. Norman W. Manley, Premier of Jamaica, said: "This is great and heartening news. It is yet another proof of the confidence held by overseas investors in the strength of the economy of the country and its future development. I welcome the company's decision and I wish them every success."

New Industries

ALCOA is not the only company that has decided to extend its operations to Jamaica. Esso Standard Oil is surveying possible sites for a $20 million refinery it plans to have in operation by 1962. The Ludlow Corporation of Boston is building a $2.8 million factory to make carpet backing just east of Kingston, and the Worcester Royal Porcelain Company of Britain is planning to erect a £1.4 million chinaware factory nearby.

Throughout 1959 and 1960 all phases of industry have been expanding. Many new factories were established to satisfy the demands of the domestic market and a number of firms embarked on expansion programs.

To encourage overseas manufacturers to establish branch factories the Government has enacted legislation to provide tax concessions to new industries for up to seven years and exemption from import duties on plant and equipment. As a result, eleven new factories went into operation under incentive legislation in 1959 and 15 have started up this year. Among the products being made by these 26 new plants are paint, drugs, brake shoes, baseballs, shirts, sweaters, work clothes, undergarments, textile printing rollers, blankets, laces, typewriters, carpet backing and radio receiving sets. Most of the newly established firms are looking for overseas outlets and may soon be competing with Canadian exporters in markets bordering the Caribbean.

The mushroom growth of Jamaican industry has stimulated construction in the Kingston area, where the population has grown to 350,000. Building activity is also being spurred by the Ten-Year Development Program, which calls for improvement of water supply, port facilities, transportation and power generation, to meet the needs of the expanding economy. A good yardstick of the development in recent years is electrical consumption, which has jumped from 100 million kilowatt hours to over 200 million in the past five years.

Jamaica's fine beaches, year-round warm climate and beautiful mountains are attracting increasing numbers of tourists. Improved airline services to and from major cities in North America and the rising popularity of Caribbean cruises helped to boost the number of visitors to a record 191,303 last year, and tourist spending totalled about $35 million. For the first eight months of 1960 tourist arrivals jumped by 18 per cent over the same period last year, and the Jamaica Tourist Board expects the total for the year will exceed 200,000.

New Opportunities

The buoyant economy offers new trade opportunities to Canadian manufacturers. Increased quantities of processed foods, household appliances, hardware, building materials, automobiles, machinery, and raw materials for industry are flowing into the island. Imports for the first six months of 1960 totalled £39 million, compared with £32 million for the same period last year.

Canadian exporters are obtaining a portion of the new business generated by the influx of tourists and the development of new industries. According to Jamaican trade statistics, imports from Canada rose 12 per cent in the first half of this year, with automobiles, electrical apparatus, tires, toilet preparations, pumps, business machines and tallow accounting for most of the increase. Canadian figures show that our sales to Jamaica have risen from $11 million during the eight months ended August 1959 to $11.7 million for the same period this year. Exports from Jamaica to Canada climbed to £7.3 million during the first half of 1960 compared with £6.6 million in the same period in 1959, thanks mainly to bigger shipments of alumina. ●

Leeward and Windward Islands

R. L. RICHARDSON,
Assistant Commercial Secretary,
Port-of-Spain.

LEEWARD ISLANDS

THE LEEWARD ISLANDS—Antigua, St. Kitts-Nevis, and Montserrat—are in the northerly group of the Federation and their economies depend on exports of sugar and sea island cotton. Antigua, the largest of the group, is facing its second year of poor crops in both sugar and cotton; the result is a considerable drop in trade. Several hotels are under construction and this has boosted sales of building materials and provided additional employment.

The St. Kitts' sugar crop is bigger this year, but factories are operating below capacity because of a shortage of cane cutters. There has been a large migration of workers to Britain during the past year and with the shortage of skilled labour some of the sugar cane may remain unharvested. Sugar workers have been brought in from Barbados, but because of differences in wages and living conditions the experiment has not proved satisfactory.

The smallest island of the group, Montserrat, has begun to feel the benefits of a brand-new tomato industry; a processing plant has been set up and is being managed by Canadians. This year's tomato crop is reported to be good and the industry may prove to be a valuable source of revenue. Cotton is still the major export, though sugar and bananas have recently been introduced and a small export trade in these has been started.

WINDWARD ISLANDS

MORE than 300,000 people on the Windward Islands are now enjoying a better way of life, thanks mainly to the rapid development of the banana industry over the past few years and the growing tourist trade; the economy of the islands is dependent on these two factors.

Past experience with hurricane damage to their crops has prompted islanders to turn more and more to the production of bananas—a quick-growing cash crop. Considerable research has been carried out to determine the suitability of climate and soil and this has been followed up by application of advanced methods of production and marketing. As a result, banana exports in 1960 will double those of 1957. Exports have risen each year—from 117 million pounds in 1957 to 133 million in 1958 and to 214 million in 1959. A variety of other tropical fruits also offer promise for the future.

Much hope rests too on the development of the tourist industry. Beautiful beaches set against a background of mountains provide a natural setting to attract the tourist. Both government and private enterprise are exploiting this potential by providing modern accommodation and improved transportation facilities.

- *Grenada*—Export earnings dropped off in 1959 because of smaller sales of nutmeg and mace, cotton and cocoa. The island's chief exports are nutmeg and bananas, though only the latter showed an increase in the past year. Production of bananas is relatively new to Grenada. They were introduced after the hurricane damage to the nutmeg crop in 1955 and exports have risen from 17 million pounds in 1957 to 30 million in 1959. It is not likely that Grenada will specialize in bananas, however, because the nutmeg and mace industry has been re-established.

Grenada's total exports in 1959 were valued at W.I.$7.7 million, compared with W.I.$8.3 million in 1958. But despite reduced exports, the economy continued to progress, helped along by expansion of the tourist industry. Three new hotels are under construction to provide additional modern accommodation for the growing number of visitors. Imports in 1959 totalled W.I.$12.6 million, a healthy jump over the W.I.$10.9 million of 1958, making Grenada the largest market in the Windwards.

- *St. Vincent*—Increased exports of bananas boosted the St. Vincent economy in 1959. Concentration on development of bananas has brought a 100 per cent increase in production and exports over the past three years. This year's crop is estimated at 2½ million stems, compared with 2.1 million in 1959 and 1.2 million in 1958. A variety of other crops are also important, including arrowroot, sweet potatoes, peanuts, copra, cotton and starch. Total exports rose from W.I.$5.6 million in 1958 to W.I.$6.5 million in 1959. This market is not as large as Grenada; imports run at about W.I.$10.5 million.

The number of tourists visiting St. Vincent is rising each year—from 3,600 in 1958 to 5,700 in 1959. The island's natural attractions, plus the addition of more hotels and resorts, will make this trade an important source of revenue.

- *St. Lucia*—Like the other islands, St. Lucia has gone heavily into production of bananas with even better results. Exports of bananas totalled 25.3 million pounds in 1957 and by 1959 had risen to 68.3 million. It is expected that banana output will continue to rise, though Hurricane Donna recently damaged the crop enough to reduce the 1960 returns. The only other export of significance is copra.

St. Lucia's exports totalled only W.I.$4.2 million in 1958, but the successful banana crop bumped this up to W.I.$6.3 million in 1959. Imports also increased in 1959, to W.I.$9.5 million, though St. Lucia remains the smallest market in the Windward group. With a population of 92,000, imports per capita are considerably less than in the other territories.

- *Dominica*—Dominica lies between the two French islands of Martinique and Guadeloupe. It is the largest of the Windward Islands but has the smallest population. Its potential has not been as fully developed as the others. The mountainous terrain has created transportation difficulties for marketing, though the current road development program should ease these problems. With improved marketing facilities, the island could support a considerably larger population than at present.

Oranges, limes, copra and vanilla are exported, but the important crop is bananas. Total exports in 1959 were valued at W.I.$6.5 million and imports at almost W.I.$10 million.

Canadian Goods Popular

Although the market for any one product in a particular island is small, total sales of Canadian goods to the Windward and Leeward Islands reached Can.$4.3 million in 1958 and about Can.$4.5 million in 1959. Canadian flour, fish, lumber and mixed feeds have enjoyed a steady market here for many years.

And with the recent removal of import restrictions, our manufactured products are now coming in in increasing quantities.

Canada's share of these markets is greater than in the larger territories of the Federation and sales in 1959 climbed by Can.$200,000 over the previous year. Our exports for the first eight months of 1960—$2.74 million compared with $2.72 million in the same period of 1959—indicate that Canadian exporters are perhaps starting to take advantage of the removal of restrictions and of the increased buying power in these territories.

In the past year, the Canadian foodstuffs that have made substantial gains are fresh apples, macaroni and spaghetti, soups, confectionery, skimmed milk powder, split peas and rolled oats. Flour, onions, potatoes and canned fish have also done increasingly well. This office receives many inquiries from importers for a wide range of foodstuffs, including potatoes, onions and canned goods.

The effect of trade liberalization can be seen in exports of items such as metal furniture and automobiles. Canadian automobile sales to the islands totalled only $12,000 in 1958; by 1959 they had risen to $18,000 and for the first eight months of 1960 to $31,268. Exports of metal furniture from Canada more than doubled between 1958 and 1959.

Choose an Agent

Businessmen interested in entering these markets should write to the Port-of-Spain office for recommendations on suitable agencies. The type of produce for export will determine what type of agency to choose: either a large stockist-distributor or a small commission agency that places orders with importers. In some instances, where sales are small, it is preferable to have one firm handling representation throughout the islands, where they either maintain branch offices or have salesmen who travel through the territories. ●

—U.K. Information Office.

A young employee of the Texaco Trinidad Incorporated oil company closes a valve at the alkylation unit of the company's refinery at Pointe-à-Pierre, Trinidad.

Trinidad and Tobago

R. F. RENWICK, *Commercial Secretary, Port-of-Spain.*

DURING the past year, Trinidadians have enjoyed a higher standard of living than they have ever known before. They ate more domestic and imported food, enjoyed better housing, wore better clothing, drove more automobiles, earned bigger salaries and wages and, in turn, have had to pay more West Indian dollars for the privilege.

A variety of industries are gradually being established on the island. However, the external trade of Trinidad is one of the best measures of economic activity, because the island's income is derived chiefly from exports of oil and sugar and the wide variety of goods and commodities demanded by present-day Trinidadians still have to be imported. Overseas trade reflects the country's prosperity and its per capita trade figure of $980* (exports and imports) far surpasses that of any other Caribbean country.

Exports, at $449 million, and imports, at $448 million, in 1959 were higher in value than they were in 1958; exports were up $14 million and imports a substantial $38 million. These absolute figures are impressive but the rate of growth in Trinidad's foreign trade experienced over the past few years has slowed down. Between 1957 and 1958 exports increased nearly 9 per cent; last year the corresponding rate was only 5 per cent. Imports in 1958 were up 16 per cent over 1957 which, in turn, showed an increase of 18 per cent over 1956. Last year the rate of increase slipped to 9 per cent.

Oil is all-important in Trinidad's commerce and oil imports distort the over-all trade picture. Overseas sales of oil and products in 1959 were valued at $364 million, or 83.6 per cent of the value of all exports. Imports of crude to augment domestic production totalled $131 million, or 29.2 per cent of all imports. Production of crude is tending to level off at about 3.6 million barrels per month and imports have increased to 3.08 million. Trinidad has rapidly become an important refining centre as well as a producing area, but drilling activity is on the decline, with run-of-the-mill concessions, particularly offshore ones, hard to sell.

At the end of June 1960 the sugar factories closed for the season, having crushed a record crop to yield 217,574 tons—up from the 181,131 tons garnered at the end of June 1959. Over half of this is shipped to an assured market in the United Kingdom under Commonwealth Sugar Agreement quotas. Canada, Trinidad's other important customer, took 14,346 tons, much less than the 22,847 tons shipped in the 1959 season. The sugar industry, the fourth ranking employer of labour, represents less than one-tenth the value of oil to the country's national income, yet annual exports of sugar, at $32 million, are important and represent 7.4 per cent of total domestic exports. Other exports (in descending order of importance) are cocoa, cement, asphalt, rum, coffee, citrus and products, and bananas. Details of imports from Trinidad into Canada for the past three years are given in the table above.

Canadian Sales to Trinidad

Canadian exporters shared in Trinidad's increased total trade during the past year. Our sales in 1959 totalled Can.$12,704,694, compared with Can.$11,598,763 in 1958, a rise of 10 per cent. However, the Netherlands increased its export sales for the same period by 19 per cent and Venezuela by 18 per cent (because of oil). Nevertheless, the United Kingdom still remains Trinidad's principal supplier, with 33 per cent of total imports and sales up 8 per cent over those of 1958.

WE EXPORT TO TRINIDAD

	1957	1958	1959
	(thousands of Can.$)		
Total exports	$11,811	$11,599	$12,705
Of which:			
Wheat flour	2,653	2,657	3,061
Tobacco	822	789	1,012
Salted cod	771	684	558
Planks and boards	377	586	381
Cotton fabrics	298	263	349
Potatoes	108	306	337
Barite	383	468	322
Automobiles	610	217	312
Newsprint	340	312	308
Canned sardines	181	252	295
Pickled pork	198	280	228
Apples	94	116	203
Leather	227	228	189
Canned salmon	140	173	188
Synthetic fabrics	74	76	173

WE IMPORT FROM TRINIDAD

	1957	1958	1959
	(thousands of Can.$)		
Total imports	$ 8,205	$ 9,851	$12,764
Of which:			
Crude petroleum	3,491	453	7,471
Sugar	2,873	2,297	2,188
Light fuel oils			1,120
Rum	388	455	488
Heavy fuel oils			386
Molasses	943	600	355
Cocoa beans	90	410	305
Coffee	134	174	110

Source: DBS

Although Canada exported more to Trinidad in 1959 partly because of import liberalization in mid-year, we are currently only the fourth most important source of the country's imports, with 6.2 per cent of the total (Venezuela 20.8 per cent and the United States 13.9 per cent). In 1956, Canadian exports accounted for 8.9 per cent of Trinidad's and Tobago's imports.

Starting in 1951, Canadian sales of a wide variety of consumer goods to all of the West Indies were severely restricted to the amounts that could be sold under the British West Indies Trade Liberalization Plan, and most items had to be shipped under a voucher system. In mid-1959, with the improvement in the sterling area's balance of payments position, Trinidad freed most imports from Canada but retained a so-called "Negative List" of goods subject to import quotas and licences. This was succeeded by a new Open General Licence, announced early in May 1960. However, a considerable number of items are still subject to control in Trinidad. These import trade restrictions are being retained primarily because it is considered that their removal would create difficulties for local industries. Canada has expressed its concern about the continued maintenance of these controls and its hope that they will be dismantled as soon as possible.

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*Values unless otherwise indicated are in West Indian dollars. One W.I. dollar=56 cents Canadian.

As shown in the table, Canada has increased sales of wheat flour, the most important commodity, in spite of subsidized flour readily obtainable from the United States. Trinidadians have appreciated the quality and packing and have responded to the merchandising of our hard-wheat counter flour packed in 2, 5 and 10-pound paper bags.

The West Indies have traditionally been a market for salted cod; however, sales have fallen over the past few years, initially because of imports of cheap beef (canners and cutters) from Australia and New Zealand. This inexpensive protein has, in turn, had to give way to imports of chicken necks and backs from the Southern States.

Newsprint imports are down because the *Trinidad Chronicle* ceased publication. Barite imports are down due to the establishment of a barite processing plant in Port-of-Spain which obtains its raw material from Brazil.

Conversely, products with increased sales, such as apples, canned salmon, fabrics and sardines, all have enjoyed a ready consumer acceptance and a long-term market in the country. It is expected that Trinidad will continue to be a good, though not a large, market for a wide variety of consumer goods, mainly in the form of completely manufactured products.

The considerable increases in imports of manufactured goods, machinery and transport equipment witness to industrial progress and higher living standards in Trinidad. It is up-grading and diversifying its imports. For example, in 1954 wheat flour represented 4.0 per cent of all imports; in 1959, it accounted for only 2.4 per cent, with absolute values remaining at about $10.5 million. Imports of all types of meats are a steady 2.6 per cent of total, but the absolute figure has risen from $7.5 to $11.5 million. On the other hand, fish of all kinds, which in 1954 accounted for 1.2 per cent of all imports, now stand at only 0.8 per cent. Rice imports are decreasing, in spite of an increasing population. Potato consumption is on the upgrade. Pickled pork is giving way to canned hams.

Five-Year Development Plan

As funds become available—and the tax base is limited by a meagre $341 annual per capita income—the government is transforming the face of Port-of-Spain with its Five-Year Development Plan. Schemes for a new hospital, a college, highways, roads, a technical institute, low-cost housing, a fly-over road-traffic bridge, and a sewage system have been inaugurated or in some cases completed. Anglin-Norcross Corporation Limited, of Montreal, general contractors, and Regina's Waterman and Waterbury Limited, plumbing and airconditioning subcontractors, are participating in the erection of the Trinidad Hilton Hotel which will be a local tourist attraction. A Puerto Rican group expects to complete the erection of approximately 500 reinforced concrete houses by March 1961. However, opportunities in plenty remain for overseas investors willing to accept a 7 per cent return and anxious to help in the solution of Trinidad's housing shortage.

Labour Problems

The cost of living continues to rise in Port-of-Spain, (population 125,000); the index figure for July 1960 was 132.6 compared with 124.4 in July 1959 and 116 in January 1957, (January 1952=100). Labour unions have been restless and 1960 has been a year of crises. Even though the oilfield and refinery workers are considered the highest paid of all Eastern Caribbean labourers, they went on strike in mid-July. After eighteen days of deteriorating public transport service and industrial activity, they secured a 15 per cent increase in wages and a reduction in working hours. This success was a signal for the Seaman and Waterfront Workers to seek increases, which they received in the form of 16.5 per cent more in basic wages, partially using up increased revenue the Port Services had sought by imposing higher receiving, delivery and storage charges at the first of the year. Textile workers walked off the job, to be followed by the Communication Workers Union, striking for more pay from the telephone company.

In spite of dislocation of transport and communications, construction activities were little affected by the strikes. The laws of Trinidad do not discriminate between nationals and foreigners in the formation and operation of companies. The aim of many is to be declared a Pioneer Industry. In this happy event, the first firm to have its proposed plant designated a Pioneer becomes eligible for aid and incentives in the form of tax holidays, duty-free entry of machinery and raw materials, and possibly loans or a long-term inexpensive lease of a desirable factory site.

Factories to produce paint, corrugated aluminum sheet and ancillary rainwater goods, fertilizers, shrimp, tuna and cement blocks have all been established. Further plans for a paper bag factory, a cold storage plant, poultry farm and other firms to produce cigarettes, cement bricks and corrugated galvanized roofing are being actively promoted. But all of these varied activities are small compared with Texaco Trinidad Inc.'s huge $40-million-plus investment in the past two or three years to boost its daily crude oil throughput at the Pointe-à-Pierre complex to 235,000 barrels making it the largest oil refinery in the British Commonwealth. The

Caribbean Development Company has also completed its $2.6 million expansion program, to bring its capacity up to two million gallons of beer per year.

Canadians participated in the establishment of a new bank to join the three other Canadian institutions already on the scene. A Toronto investor obtained Pioneer Status and a sea-lot (harbour) site to start building a field-pea processing and packaging plant, scheduled to commence production in November. The Industrial Development Corporation is now considering various proposals for the establishment of the island's first flour mill.

Trinidad's economy is dynamic and progressive and each year is attracting more diversified foreign investment. With a land area 10 per cent less than that of Prince Edward Island and a population far below that of metropolitan Toronto, it is of significance in the world's oil trade. The combination of agriculture and oil makes Trinidad the all-important Texas of the beautiful Caribbean isles. •

Canada's Trade with The West Indies

M. V. McCORMICK, *International Trade Relations Branch.*

CANADA and the territories making up the West Indies Federation have been trading partners for close to 200 years, and the trade between them, in addition to benefitting both countries economically, has helped to foster close ties of friendship and goodwill.

Canada is a traditional buyer of such West Indies products as sugar, molasses, rum and tropical foodstuffs. Bauxite, alumina and petroleum have been added to this trade in recent years, and larger purchases of these products have substantially increased total Canadian imports from The West Indies to $50.8 million in 1959 compared with $43 million in 1958.

Sales Are Growing

The principal Canadian exports to The West Indies are flour of wheat, salted and pickled fish, meats, tobacco, lumber, canned fish, newsprint, motor vehicles and parts, and potatoes. However, The West Indies constitutes a rapidly growing market for a wide variety of other goods of interest to Canada—especially manufactures. Although The West Indies ranks thirteenth among our export markets for all kinds of goods, it is fourth as a buyer of our manufactured products. Imports from all sources into this area have grown from the prewar Can.$71 million to $444 million in 1957 and to $490 million in 1958. With greater economic development, industrialization, a booming tourist trade and rising standards of living, it can be expected that this market will continue to expand at a fast pace.

Canada's exports to The West Indies have gone up steadily in recent years, as indicated in the attached tables, and this growth is continuing. From a value of $35.8 million in 1958 our exports rose to $40 million last year. For the first eight months of 1960 they reached $25.1 million compared with $23.6 million in the same period of 1959, a gain of $1.5 million. Greater sales of such products as motor vehicles and parts, manufactures of iron, medicinal preparations, paints and enamels, newsprint and fish products accounted for the increase. For example, Canadian shipments of motor vehicles and parts increased from $589,000 in 1958 to $993,000 in 1959 and for the first eight months of 1960 are over $1.8 million.

The expansion of the West Indian market for Canadian exports is largely the result of the major steps that have been taken towards the removal of import restrictions in the past two years. The market is now more open to Canadian exports than it has been for over a decade, though a number of items of interest to Canada still remain under control in Jamaica and Trinidad.

The Canada-British West Indies Trade Liberalization Plan, which had been in operation for eight years, was terminated in December 1959 because most of the trade formerly covered by the Plan had been freed from controls. During the years that the Plan was in effect it served a useful purpose in providing access to the West Indian territories for Canadian goods which would otherwise have been completely excluded by import restrictions maintained for balance-of-payments reasons. In future the authorities in the West Indian territories will themselves issue licences to importers for items that are still under control. They have given Canada assurances that access generally to West Indian markets for Canadian exports of products form-

CANADIAN TRADE WITH THE WEST INDIES

EXPORTS TO

	1958	1959	1960 (8 mos.)
	(thousands of dollars)		
Trinidad and Tobago	$11,599	$12,705	$ 8,340
Barbados	4,198	4,127	2,331
Jamaica	15,741	18,791	11,724
Leeward and Windward Islands	4,274	4,452	2,747
TOTAL	$35,812	$40,075	$25,142

IMPORTS FROM

	1958	1959	1960 (5 mos.)
	(thousands of dollars)		
Trinidad and Tobago	$ 9,851	$12,764	$ 2,224
Barbados	3,751	4,770	646
Jamaica	27,628	31,274	16,588
Leeward and Windward Islands	1,764	1,992	181
TOTAL	$42,994	$50,800	$19,639

PRINCIPAL EXPORTS TO WEST INDIES

	1958	1959	1960 (6 mos.)
	(thousands of dollars)		
Flour of wheat	$7,449	$8,209	$3,661
Salted and pickled fish	4,367	4,933	2,331
Canned fish	1,505	1,931	1,043
Meats	2,144	2,115	901
Tobacco	1,949	1,976	965
Lumber	1,491	1,510	865
Cotton fabrics	1,008	626	312
Newsprint	766	979	512
Mixed feeds	502	434	156
Medicinal preparations	268	321	195
Paints, enamels, varnishes	430	523	195
Manufactures of iron, n.o.p.	68	246	62
Motor vehicles and parts	589	993	1,686
Cornmeal	308	286	103
Upper leather	234	272	146
Boots and shoes	372	325	133
Potatoes	603	566	183
Wrapping paper	199	175	39
Paper bags	256	204	113
Machinery and parts, n.o.p.	251	258	125

PRINCIPAL IMPORTS FROM WEST INDIES

	1958	1959	1960 (5 mos.)
	(thousands of dollars)		
Bauxite, alumina	$18,506	$19,072	$11,264
Raw sugar	11,480	15,792	6,425
Molasses	2,571	2,305	604
Rum	1,216	1,252	360
Fuel oils		1,506	
Cocoa butter	1,323	828	195
Cocoa beans	600	698	263
Coffee, green	219	211	119
Arrowroot	60	41	15
Spices and ginger, unground	80	88	47

erly covered by the Plan will be on terms no less favourable than in the past.

Canada's trade relations with The West Indies are governed by the Canada-West Indies Trade Agreement of 1927. Each island has its own tariff but all of them have preferential rates of duty that apply to Canada and other Commonwealth countries. The tariffs are primarily for revenue purposes and in most cases are relatively low on foodstuffs and basic materials and somewhat higher on manufactured goods. The various West Indian territories extend to Canada specified preferences on such products as flour, butter, cheese, lard, condensed milk, fish, meats, apples, potatoes, lumber, cement and cordage. The Agreement also provides that each of the territories shall accord preferences to Canadian goods that are not referred to individually. These preferences are expressed as percentages of the rates of duty imposed on similar goods when imported from non-Commonwealth countries. Thus, in the Bahamas and Jamaica the preferential margin is one-fourth of the general rate, in Trinidad and Barbados one-half, and in the Windward and Leeward Islands one-third.

Outlook

Although the West Indies have now been joined into a political federation consisting of Trinidad and Jamaica and their dependencies, Barbados, and the Leeward and Windward Islands, these territories do not yet comprise a single economic unit. At present, each of them continues to operate its own customs tariff and to apply duties on imports from other West Indian territories. However, the constitution of The West Indies states that "... it is essential for the economic strength of the area that there should be an integrated trade policy for the Federation and that there should be introduced in the Federation, as far and as quickly as practicable, a customs union, including internal free trade."

A working party consisting of representatives of the various West Indian territories has been looking into the problems of forming a customs union during the past year and has now produced some specific proposals regarding the type of tariff and customs law that the Federation should have. The working party has indicated, however, that a number of issues still remain to be more fully explored and that it will be necessary to have further discussions and undertake additional studies before conclusions on these can be reached.

Canada is watching closely the efforts of the West Indian territories to work out an arrangement for a customs union because this development will have an important bearing on the revision of our existing trade agreement with The West Indies. ●

OTHER CARIBBEAN ISLANDS

BAHAMAS

Business is good in the Bahamas, thanks to continuing tourist boom. Canadian sales are rising—by 20 per cent in the first six months of 1960—spurred by preferential tariff enjoyed by most of our products.

CUBA

Cuban economy is undergoing rapid changes, including introduction of state trading, diversion of more trade to Sino-Soviet bloc, and cutback in imports. Canadian shipments of flour, malt and salt cod are holding steady.

DOMINICAN REPUBLIC

The Dominican Republic is expanding exports and diversifying agricultural production, though the current recession is causing a cutback in imports. Canadians can expect steady sales, especially of wheat and salted fish.

HAITI

Financial difficulties, heightened by fall in world prices of coffee, Haiti's leading export, continue to plague this country. Canadian sales have slumped since 1958, mainly because of smaller purchases of wheat.

PUERTO RICO

Business activity is high in Puerto Rico; external trade rising, new industries coming in—so are more tourists. No import restrictions or exchange controls hamper entry of our goods; island has same tariff setup as the U.S.

—Bahamas Development Board.

Bahamian construction workers lay concrete at Freeport, Grand Bahama Island, one of the many centres of resort-building activity in the out-islands of the colony.

Bahamas

HOWARD E. CAMPBELL, *Trade Commissioner, Kingston.*

BUSINESS in the Bahamas pivots around a single industry—the tourist trade—and business is good. Last year 244,258 tourists flocked into Nassau and the resorts on other islands in this British colony.

The impact of this tourist boom is tremendous: investors are pouring money into resorts, hotels and apartment buildings, and building contractors are working overtime to meet their commitments. The islands have enjoyed full employment for the past two years and Haitian labourers are being brought in to work on development schemes.

Tourists are drawn to the Bahamas by the superb bathing beaches, sunny weather and luxurious accommodation and international investors are drawn to the colony by its inviting tax structure. By establishing subsidiaries in tax-free Nassau, they can avoid payment of income tax on their overseas transactions. A growing number of firms (mostly U.S.) are establishing subsidiaries in the Bahamas to handle their exports; the tax-free profits earned through such operations can be loaned back to the parent company at low rates of interest. In the wake of the international investors have come new banking organizations. Until 1947 the Royal Bank of Canada was the only bank in the Bahamas; today it has seven competitors.

After a three-and-a-half-month study of the Bahamas economy, the Bahamas Development Board announced in July that tourist spending has vaulted from $8.5 million in 1949 to more than $41 million in 1959 and is still going up. Barring a hurricane or similar disaster, the Bahamas will be attracting 471,000 visitors a year by 1970, according to the Board, and these visitors will spend over $80.5 million.

Among the many developments sparked by the tourist boom is the recent expansion of resort hotels on Grand Bahama Island, 55 miles east of Palm Beach, Florida. The Grand Bahama Hotel and Club has spent three million dollars on improvements to its sprawling 368-room establishment. At nearby Hawksbill Creek, a yacht marina and boatyard are scheduled for completion in 1961. According to newspaper reports, a residential resort is to be developed at Treasure Cay on Abaco Island, with a clubhouse containing 106 two-room suites to be built as a start.

In Nassau, capital of the Bahamas, three large co-operative apartments have been put up in recent months and nine new hotels have been built in the past five years. At Lyford Cay, fifteen miles east of the city, a planned residential community, complete with championship golf course, has been constructed by E. P. Taylor of Toronto.

Because the tourist trade has bolstered the standard of living in the colony, demands on public utilities have increased even more rapidly than the number of tourists. On New Providence Island where Nassau is located a new 11,000-kilowatt steam turbine power station and water distillation plant have just been completed and plans for an extension are already being drafted.

Canadians Can Benefit

Prosperity in the Bahamas is reflected in rising import figures, both for construction equipment and building materials and for consumer goods—a less spectacular but equally rewarding market. Bahamians are buying increasing quantities of groceries, clothing, footwear and other consumer goods. And as few of these things are produced in the colony, virtually all of them have to be imported to meet the demands of the 100,000 residents and the 250,000 visitors who are expected to be their guests this year.

Canadian sales to the colony rose 20 per cent in the first six months of 1960 to $1,778,442, with most of the increase concentrated in automobiles, foodstuffs, newsprint, marine engines and contractors' outfits and supplies. (For the full year 1959, the figure stood at $3.2 million.) Canadian manufacturers of building materials and of consumer goods (high-style resort wear, lightweight and inexpensive clothing, and grocery products) may wish to explore further the opportunities for doing business in the colony. Most Canadian goods enjoy a preferential tariff of 10 per cent and prospects for future development are bright. ●

Cuba

R. R. PARLOUR, *Commercial Counsellor, Havana.*

THE Cuban economy is in the throes of a drastic reorientation that is affecting practically every facet of national life. Government ownership or control is spreading rapidly throughout agriculture, mining, manufacturing, the petroleum industry, domestic and foreign trade, press and radio, the tourist industry, banking, transportation and public utilities. Foreign trade is being diverted away from the United States and towards Sino-Soviet countries, on the basis of a series of agreements for barter, credit, and technical and scientific co-operation. Projects are under way for an expansion of light industry to provide employment and to reduce imports.

On the heels of these fundamental changes, some serious financial problems are appearing. One of these is a recurring shortage of foreign exchange. As reserves of gold and dollars approached the vanishing point last year, the Government imposed severe import and foreign exchange controls, with the result that reserves mounted during the sugar-marketing season in the first half of 1960. But by August this year the usual seasonal decline had set in, and during that month reserves dropped by about 27 per cent to $139 million. As against these reserves, outstanding indebtedness to foreign suppliers is estimated by some observers as high as $100 million or more.

A second problem is that notes in circulation have increased by over 40 per cent in the first eight months of 1960 and this trend has been gathering momentum. At the same time, many consumer goods have come into short supply. The Government has announced a new tax law which imposes much higher rates on personal income, corporate income and business gross income (i.e., sales tax) in the expectation that government reserves in 1961 will nearly double to a level of $700 million. Government spending is expected to total one billion pesos next year.

Business Conditions Vary

Domestic business conditions are mixed. Imports of many consumer goods have been cut to a trickle, and as a result some local industries are working at capacity in order to supply the market. Others are slowed by a lack of imported raw materials and equipment or are in the midst of reorganization following take-over by the Government. Retail trade in hard goods, imported merchandise and luxuries is dull, as stocks of many items reach the vanishing point. But there is a strong demand for low-priced textiles, consumer goods and foods—ranging from codfish to beer, cigarettes and cosmetics.

Foreign Trade Alters

The rapid growth of state trading dominates Cuba's foreign trade picture this year. The National Bank for the Foreign Commerce of Cuba (BANCEC) was created on April 25, and as of October 21 has been made the sole importer of all commodities imported into Cuba, in addition to being the sole exporter of many types of commodities. (See the note on Cuban state trading in "Trade and Tariff Regulations" on (page 44.) In some cases BANCEC does the actual importing itself and in others it allows private firms to handle the transactions under its supervision. In recent weeks it has been building up detailed records of all imports of raw materials and industrial equipment in order to regulate this trade more closely.

The purchasing methods BANCEC uses are based on negotiation of each transaction, rather than calling of public tenders. Policy appears to be to avoid purchasing from the United States whenever possible, and if suitable goods are available from Communist countries for barter, the orders are placed there. Otherwise, offers from all sources are welcomed. Cuba prefers to buy on the best credit terms possible, but since many foreign suppliers

PRINCIPAL CANADIAN EXPORTS TO CUBA 1958-1960

	1958	1959	Jan.-July 1960
Newsprint	$ 3,836,439	$ 4,342,938	$1,140,931
Cod, heavy salt	1,867,031	2,307,365	608,591
Malt	1,237,350	1,489,588	851,932
Copper tubing	712,290	658,518	77,145
Flour	1,007,481	599,236	230,866
Miscellaneous motor vehicles	1,940	438,134	8,561
Medicinal preparations	358,077	410,046	350,381
Drugs and chemicals, n.o.p.	162,930	270,052	177,209
Calcium compounds	186,651	299,868	99,838
Seed potatoes	222,332	301,275	75,630
Aircraft engines and parts		306,319	208,837
Canned sardines	169,639	257,515	7,323
Steel plates, sheets, strips	122,099	297,073	
Whisky	231,986	213,309	36,969
Aluminum, semi-fab.	247,197	250,722	63,672
Machinery and parts, n.o.p.	362,353	178,560	21,811
Synthetic fibre thread and yarn	424,817	157,370	251,800
Total, all commodities	$17,595,190	$15,252,742	$5,773,655
All commodities Jan.-July 1960	$5,773,655		
All commodities Jan.-July 1959	$8,696,282		
All commodities Jan.-July 1958	$8,689,152		

PRINCIPAL CANADIAN IMPORTS FROM CUBA 1958 AND 1959

	1958	1959
Sugar, raw, imported by refiners	$14,167,290	$ 5,548,2
Sugar, raw, other	605,984	662,8
Molasses for human consumption	412,403	515,7
Molasses, other	73,161	164,3
Yarn, synthetic, for tire fabric	719,889	1,439,27
Staple fibres, synthetic	432,386	590,77
Cord tire fabrics		281,14
Cigar leaf, stemmed	462,167	287,10
Cigar leaf, unstemmed	152,867	175,99
Manganese ore	137,910	
Non-ferrous metals		770,74
Pineapples, fresh	491,151	412,22
Fruits and nuts, pickled	86,119	143,75
Baler twine	134,175	245,46
Rum	130,624	112,65
Total, all commodities	$18,880,625	$12,045,50

now require confirmed irrevocable letters of credit, the determining factors usually are price, speed of delivery, and quality. Canada may still be able to sell in this market because Canadian goods are of North American design and quality, which the Cubans prefer, and in many instances delivery from Canada is quicker than from Europe.

The direction of Cuban trade is undergoing a radical change. In February 1960, Cuba signed a commercial agreement with the U.S.S.R., whereby that country undertook to purchase one million tons of Cuban sugar a year for five years, with payment to be 20 per cent in cash and 80 per cent in goods. Cuba also received a $100 million credit to be spent for technical assistance, raw materials and machinery from the U.S.S.R., and the two countries agreed on the exchange of a wide range of commodities, with Cuba to supply sugar, fruits, tire cord, sisal, pimentos and leather and the U.S.S.R. to supply petroleum, fuel oil, wheat, lumber, newsprint, fertilizer, aluminum, machinery, and other goods. This agreement set the pattern for others which Cuba has now signed with Yugoslavia, East Germany, Poland, Czechoslovakia, Communist China, Hungary, and the United Arab Republic.

U.S. Trade Down

Traditionally, about 75 per cent of Cuba's trade has been carried on with the United States. However, Cuba's severe import controls and policies of trade diversion have caused a substantial decline in this exchange. So far this year, imports of United States goods are about 50 per cent below 1958. Venezuelan sales of crude oil to Cuba, which had reached an annual rate of over $66 million, have now stopped, as supplies are coming from the U.S.S.R. Exporters in Western Europe also report that their sales to Cuba are down substantially this year. Cuban import statistics covering this period are not available.

Canadian Position

Canadian exports to Cuba in the period January-July 1960 were valued at about $5.8 million, down from $8.7 million a year earlier However, some products are gaining ground in the Cuban market this year. Newsprint has traditionally been the major Canadian export to Cuba, but with 1,000 tons per month now arriving from the U.S.S.R. and another 1,000 tons of bagasse newsprint produced locally, this market threatens to disappear. Arrivals of wheat from the U.S.S.R. may oust Canadian and U.S. wheat from the Cuban market, but Canadian exports of flour in recent weeks have been buoyant because of purchases by BANCEC. Canadian malt still supplies most of the Cuban market, although some small shipments have begun to arrive from East Germany and Czechoslovakia. In spite of business uncertainties, Canadian salt cod continues to hold its market in the eastern regions of Cuba, with sales both to private importers and to BANCEC.

Prospects are also fairly good for drugs and chemicals, seed and table potatoes, powdered skim milk, copper wire and tubing, synthetic rubber, dissolving and non-dissolving pulp, synthetic fibres, electrical equipment and pole-line hardware, and raw materials. Some of these orders are to supply the newly nationalized industries with goods that previously came from the United States. Canned sardines have been entirely excluded from the market for several months but there now are indications that BANCEC may begin buying again. In contrast, the immediate outlook is poor for such products as machinery and parts, steel plates and strips, aluminum, motor vehicles, whisky and non-essential consumer goods, because of import controls and diversion of orders to Communist countries. The tables illustrate some of these changes in Canadian-Cuban trade.

Sugar Has Good Year

Sugar is the backbone of the Cuban economy, and the 1960 crop was successfully harvested and marketed. Prices have been at reasonable levels. By the end of August, exports totalled 4.0 million tons*, compared with 3.3 million at the same date last year. During this eight-month period, exports to the United States, although down slightly from last year, accounted for nearly half the total. Among other markets, the United Kingdom, West Germany and Japan took less, whereas sales to Communist countries (including the U.S.S.R., Communist China, East Germany, Poland and Czechoslovakia) exceeded a million tons. None of the latter countries had purchased Cuban sugar during the same period last year. Exports to Canada reached 45,946 tons, down from 58,071 tons a year ago.

Cuba's quota in the United States market was cut early in July and shipments there have now ceased. This means a substantial loss of foreign exchange for Cuba because the U.S. price is substantially higher than the world price. Sales to Communist countries, at the lower world price and on a basis of 20 per cent cash and 80 per cent barter, produce little foreign exchange.

The Cuban Government has assumed control of practically all the cane land in the country and is organizing it into some 600 state-controlled co-operatives. In addition, about half of the 161 sugar mills in the country have been taken over and there have been some delays in carrying out the usual "dead season" repairs. Some local trade sources predict that the 1961 crop will total 5.5 million tons compared with 5.7 million in 1960. However, the situation is obscure.

Tobacco Industry Reorganized

Tobacco is a smaller but profitable cash crop for Cuba and 1960 has been a record year. Exports to the end of June exceeded $36 million, up 40 per cent from the previous year, with quality high. Leaf tobacco accounted for all the increase and exports of cigars and cut tobacco declined. Local consumption this year is up sharply, with both cigars and cigarettes showing an increase.

All phases of the Cuban tobacco industry are now in the hands of the Government. A General Tobacco Administration has been established by the Government to control planting, harvesting and marketing of all the crop. All major manufacturers and distributors of cigars and cigarettes were taken over by the Government during September and in order to end unemployment in the industry, it has announced plans to establish 32 cigar factories to give work to 9,000 cigar workers.

Other Agriculture

In other fields of agriculture during this first full year of agrarian reform, results have varied, judging from the few statistics available. Beef slaughterings were up by 5 to 10 per cent during the first half of 1960, at the expense of the livestock population, which is reportedly decreasing. Because of a shortage of feeds, milk production is down 5 per cent from last year, with a resulting shortage of butter and other dairy products. For the same reason, poultry production is off 10 per cent and egg production down 15 per cent. The Government has decreed one day per week when poultry may not be bought in the markets nor served in restaurants.

Coffee output from the 1959-1960 crop amounted to 1.15 million Spanish quintales (101,412 lb.), the second highest on record. However, there will be no exports of coffee this year. The new state organization "General Administration of Coffee and Cocoa", which controls all aspects of the coffee industry, has announced that all of this year's crop will be bought for local consumption.

Among other crops, potato production in 1959-1960 exceeded 2.5 million Spanish quintales, up from 2.2 million the year before. Canadian seed potatoes were used for part of last year's planting and for the coming season Cuba has sharply increased her purchases of Canadian seed to 155,000 cwt. Substantial purchases of Canadian table stock are also being negotiated to meet Cuba's needs until her own crop comes in towards the end of the year. Increases are also expected for tomatoes and other winter vegetables, black beans and henequen; corn production is lower. On balance, and after allowing for increased domestic consumption of many of these foods, it is expected that exports of sugar and other agricultural products in 1960 may reach a total value of $615 million, somewhat above 1959 but below the 1958 figure of $662 million.

Companies Nationalized

Most of the productive capacity of the country has now passed into government hands either permanently (by expropriation) or temporarily (by intervention). During August and September, the Government took over most of the United States-owned companies in Cuba; the combined assets of these firms had a value approaching one billion dollars. In addition, the take-over of other firms, whether owned by

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*All tonnage figures are Spanish long tons (2,272 lb.)

Cuban or foreign interests, is proceeding steadily and new managements have been put in control of each of these companies.

Among local industries, increased production is reported for paint, tires and tubes, canned foods, cigarettes, beer, and other low-priced consumer goods. Electricity consumption continues a strong upward trend. Private construction is down about 75 per cent from its previous level, but government construction is widespread, with reported building of 160 new towns in rural areas. Production in the state-run rayon industry is down from last year, while output from the Government's bagasse newsprint mill is showing gradual improvement in quality and quantity, in spite of periodic shut-downs. Private mining activity has ceased and the newly formed Cuban Mining Institute is attempting to activate many of the seized mines.

The Government is planning a rapid expansion of light industry and many complete plants are on order from Eastern Europe (18 complete factories were ordered in August alone). By the end of 1960 it is hoped that the following plants will be under construction: five cotton gins, three concentrated feed mills, a cacao processing plant, and factories for producing pencils, plastic products, electrodes, refrigerators, cutlery, door locks, nuts and bolts, shovels, pickaxes, foundry products, sparkplugs, hand tools, padlocks, bicycle parts, brushes and metal containers. Work is already under way on chemical plants to produce anhydrous ammonia, ammonia sulphate and nitrogen and urea compounds, sufficient to meet the country's fertilizer needs, and plans are being studied for a number of plants to produce vegetable oils and fats from peanuts. ●

Dominican Republic

W. B. McCULLOUGH, *Commercial Counsellor, Ciudad Trujillo.*

BUSINESS activity in the Dominican Republic, beginning in 1959 and continuing through the third quarter of 1960, has slowed down considerably. Because of low world prices for sugar and coffee, heavy defence expenditures and other demands for foreign exchange, the Government has modified its monetary and fiscal policies. Credit has been restricted and measures have been taken to cut down on some imports. Major public works projects have been curtailed—projects that provided additional employment and were big users of materials, both local and imported. The retail and wholesale trade continue to maintain low inventories.

Agriculture Does Well

It has been government policy to increase raw sugar production to a million tons per year and, in order to reduce dependence on sugar for income, to expand other agricultural activity, mining and industry. It is believed that the production target for sugar will be achieved in 1960. A good measure of success has also been realized in expansion of other crops, judging by the variety of commodities exported during 1959. Furthermore there has been an increase in crops such as potatoes, rice, tomatoes, fruits and vegetables grown for local consumption.

During this year's normal dry period, January through March, the country received good rainfall, and there has been record production of so-called secondary crops. The livestock industry has expanded; beef and pork have been exported and milk products are in good supply. The Republic has some of the richest agricultural land in the Caribbean area; its rich mountain valleys and large irrigated areas permit production of a variety of both tropical and temperate-zone crops.

Foreign Trade Falls Off

During 1959, total trade of the Dominican Republic was valued at D.R.$247.7 million*, compared with $266.1 million in 1958. Exports in 1959 (1958 figures in parentheses) totalled $130.1 million ($136.6) and imports $117.5 million ($129.5), giving a favourable balance of $7.1 million ($12.6).

As in past years, raw sugar was the principal export crop. During 1959 exports totalled 661,204 metric tons valued at $49.3 million. Shipments of green coffee reached 21,870 tons valued at $17.5 million; and cocoa 21,722 tons valued at $15.1 million. Other exports included chocolate valued at $7.1 million, bananas $5.9 million, bauxite $5.0 million, tobacco $5.0 million, molasses $4.4 million, furfural $3.6 million, fresh and frozen meat $1.7 million. Livestock, oilseed cake, copra, honey, iron ore, cement and cotton were also sold abroad—evidence of the country's movement away from a one-crop sugar economy.

During the first seven months of 1960 Dominican exports totalled $90.4 million, compared with $86.3 million during the same period in 1959. Imports, however, declined from $73.1 million for the first seven months of 1959 to $52.7 mil-

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*1 D.R.$=1 U.S.$

CANADIAN EXPORTS TO DOMINICAN REPUBLIC

	1958	1959	1960 Jan.-Aug.
	(Canadian dollars)		
Wheat	1,871	4,406	308,373
Wheat flour	1,439,389	1,103,607	175,683
Tires for trucks and buses	201,471	240,007	111,885
Newsprint	298,653	418,941	133,582
Copper wire, insulated	137,066	264,589	196,275
Macaroni, spaghetti	165,464	136,113	38,630
Bloaters	357,907	339,832	186,566
Pollock, dried salted	880,869	1,039,201	729,454
Other cured fish	248,267	195,195	161,042
Vegetable food products, n.o.p.	2,033	105,613	67,225
Machinery and parts, n.o.p.	116,262	73,207	529
Passenger automobiles	134,479	57,312	
Asbestos milled fibres	177,580	85,570	64,140
Total, including all others	5,367,623	5,164,996	3,213,724
Jan.-Aug. 1959			3,659,960

CANADIAN IMPORTS FROM DOMINICAN REPUBLIC

	1958	1959	1960 Jan.-May
	(Canadian dollars)		
Bananas	308,973	633,122	62,837
Coffee, green	1,662,829	630,334	411,059
Baler twine		64,419	33,492
Cocoa beans, not roasted	388,004	84,272	
Molasses of cane		54,253	60,483
Fruit pulp	13,537	39,664	46,223
Total, including all others	2,659,936	1,636,888	635,265

lion, giving a favourable balance in 1960 of $37.7 million, compared with $13.2 million for the first seven months of 1959. The decline in imports this year reflects the Government's restrictive measures on imports and a slackening off in demand.

Trade with Canada

Canadian exports to the Dominican Republic during the first eight months of this year have dropped by about 12½ per cent, and there has been a shift in the trade pattern. Most notable is the gradual elimination of sales of wheat flour and a rise in sales of wheat. A new ultra-modern flour mill began production in April and is supplying the country's needs of flour and byproducts. At the start the mill was using about half-and-half Canadian and United States wheat; in recent months the proportion of Canadian wheat has been substantially increased. Another import that has been curtailed is macaroni and spaghetti, which will now be made in the Republic, using semolina and flour from the new mill. Salt cured fish, mainly pollock and hake, continues to be our leading export to the Dominican Republic.

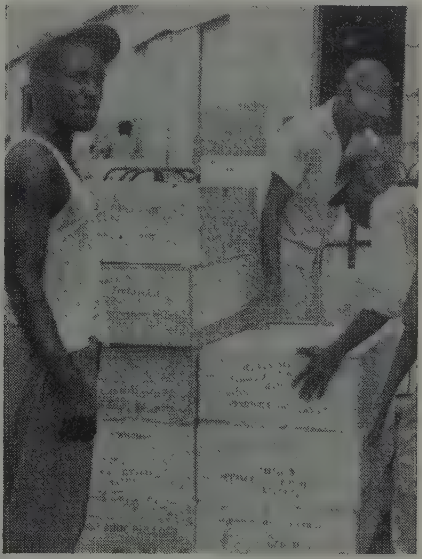
Some Import Controls

Import permits are required only for the following products: wheat, flour, semolina, barbed wire, radio transmitters, firearms, milk products, rice, fruits, vegetables, seeds and confectionery. Exchange permits as such are not needed, but there are administrative controls requiring all applications for foreign exchange to have the approval of the Central Bank.

In October 1959 the Junta Coordinadora de Importaciones y Exportaciones was established. This board, which includes officials of the Central Bank and Customs, requires importers to submit form CE#31 for statistical purposes for orders with a c.i.f. value of over $1,000. This form is submitted through the commercial banks, registered, and returned before the importer places a firm order abroad. The commercial bank refers to this document when remitting the foreign exchange. No form is needed for an import order under $1,000 and foreign exchange is remitted without undue delay.

Canadian businessmen can expect to continue exporting their goods and services to the Republic, despite the current business recession. The country has enough foreign exchange to pay for imports without delay. Shipping services are good, particularly from east coast ports.

Since the signing of the 1940 Trade Agreement, Canada and the Dominican Republic have exchanged most-favoured-nation tariff treatment. The Dominican Republic is also a member of GATT, under which both countries have negotiated tariff concessions on many products of importance to their trade. Because of the high duties and low purchasing power of a large segment of the population however, it is a price market, and price rather than quality is the determining factor. ●



A view of the original company buildings at the newly opened copper mine being developed by Consolidated Halliwell of Canada at Terre-Neuve in northern Haiti.

Haiti

J. E. BROSSARD, *Chargé d'Affaires, a.i., and Consul, Port-au-Prince.*

HAITI is a small country occupying the western part of the island of Hispaniola, between Cuba and the Dominican Republic. Few statistics are kept but the present population is estimated at about 3.8 million people who live in an area of 10,714 square miles. This makes it the most densely populated part of the western hemisphere. Ninety per cent of the people are negroes and 10 per cent mulattoes. One-tenth only are literate but there is a very cultured élite. Most Haitians speak Créole, a type of French, but the élite speak French and most of them know English as well. Port-au-Prince is a city of 300,000 and there are three other towns of importance—Cape Haitien, les Cayes and Gonaives—but the bulk of the population is rural.

Two-thirds of the country is mountainous and the rest consists of the central and Artibonite plains. About one-third of the land is arable and one-third of this is cultivated. There are few streams and still much land to irrigate, and little grazing land. Deforestation and erosion are grave problems. Incidentally, a secondary cause of deforestation is the wide use that poor Haitians make of charcoal stoves. Esso is seeking to introduce cheap kerosene stoves and there are signs that it will succeed in doing so. This is a good illustration of how one can help a country and at the same time promote one's own business.

Haiti is a poor country and her present economic situation is difficult. Her purchasing power depends upon the export value of her crops; the principal ones are sugar cane, sisal, bananas and cotton and above all, coffee. The latter accounts for over 50 per cent by value of Haiti's exports and provides almost one-third of the budget, which in 1959-60 totalled $23 million. Recent coffee crops have failed to produce the export quota of 500,000 bags fixed for Haiti under last year's International Coffee Agreement. The fall of coffee prices on world markets and the disparity between prices realized for commodity exports and those paid for industrial imports is a serious problem for this country.

On the other hand, despite Haiti's financial difficulties and administrative hardships, it has had complete currency stability for over 41 years. Furthermore, there is no animosity towards foreign capital investment and there have been no attempts to nationalize or expropriate foreign enterprises.

Canadian Interests

Of Haiti's minerals, bauxite and copper are the only ones exploited at present. Bauxite is mined by Reynolds Metal, a U.S. firm. Consolidated Halliwell of Canada owns SEDREN, a company pursuing copper-mining operations at Terre-Neuve in the northern part of the country. Canadian and U.S. capital invested amounts to well over $8 million and most of the thirty foreign technicians are Canadian and British. Preliminary exploration was completed last year and underground shafts were opened this year. A road was opened from the mines to the town of Gonaives on the seashore and a wharf built; 700,000 feet have been bored and mineral samples are being studied. The plant is about to be completed and the company intends to embark soon on full-scale operations. Mine officials are confident that SEDREN will become the largest Haitian industry.

There is one other Canadian firm of some importance, Caribbean Canadian Chemical. Most other industries are U.S. or U.S.-Haitian-owned and operated. The Haitian American Sugar Company (HASCO) is the major refinery. Caribbean Mills, an American enterprise, mills all wheat imported into Haiti and makes cake and pastry flour also. In October 1959, a barter agreement was concluded between Reynolds Metal and Caribbean Mills, providing for the exchange of Haitian bauxite for U.S. surplus wheat. Import permits for flour have not been granted since March last. The first meat-packing plant in Haiti, Haitian-American

Meat and Provision, and a plant for the processing of cocoa beans, Haitian Manufacturing and Specialties, started operating recently; both are U.S. financed. Of the five sisal decorticating plants, one is U.S.-Haitian Government owned and operated and the others are U.S.-owned and operated. Textile mills are Haitian-controlled.

Aid Programs

Several agencies are sharing in Haiti's development. Loans have been granted by the International Monetary Fund and by the World Bank. (It was announced late in September that the IMF would grant Haiti a further $6 million credit.) World Bank loans have been applied mostly to the construction and improvement of roads. The Export-Import Bank has also contributed. There are many United Nations experts in Haiti, including two Canadians working in the fields of health and aviation.

The two most publicized aid programs are financed by the United States. In the north, the "Poté Colé" program ("pull together" in Créole) covers various development projects, such as the building and improvement of roads; the culture and disposal of coffee, cocoa and tobacco; health centres, etc. The Organization for the Development of the Artibonite Valley (ODVA) has met with some difficulties lately in its electrification and irrigation program. Nevertheless, it has succeeded in increasing the production of tomatoes and rice appreciably.

Power and Communications

What Haiti needs above all is power and communications. Electricity fails at times, even at Port-au-Prince. A dam was started at Peligre in the central Artibonite Valley in 1956 to facilitate the extension of irrigation and soil conservation in the valley and to provide power for this region and for the capital. However, it stands idle. It is essential that it be completed and that a 40,000 kilowatt hydro-electric power station be built, but this cannot be done without further aid and the help of foreign investors.

The telephone system is not quite operating, roads are poor, and Haiti has no facilities yet for jet planes. However, roads in the Artibonite and in the north are now being built or improved with the aid of the World Bank and through the "Poté Colé". Further, a contract was signed in August between the Haitian Government and the John C. Peterson Corporation of Baldwin, New York, providing for the construction of a modern jet airport and for the improvement of the Port-au-Prince wharf at a cost of up to $10 million, to be repaid at 6 per cent interest within ten years after the works are completed. Pan American World Airlines has offered to collaborate.

Tourist Trade

The completion of this jet airport is essential for the Haitian tourist trade, the basic Haitian industry which, although it may have declined somewhat lately, brought in about $6 million during 1959. As a lure for the tourist Port-au-Prince enjoys some free-port privileges. Perfume, jewellery, German and Japanese cameras and other luxury items enter duty-free, subject only to a general entry fee. Spirits, however, are taxed heavily enough, except French wines and liqueurs which come in under a special agreement. There are daily flights via Pan American to and from Miami and to and from Jamaica and Puerto Rico, with connections for New York at Ciudad Trujillo. Panama Steamship Line has ships calling at Port-au-Prince regularly, and Saguenay Shipping may soon resume a monthly service. Haiti is an attractive country for tourists and businessmen coming here can combine business with pleasure.

Foreign Trade

Haiti's principal exports are, after coffee, sisal, raw cotton, raw sugar, cocoa and bananas. Her principal imports normally include foodstuffs and wheat, cotton manufactures, petroleum products, iron and steel manufactures, agricultural implements and household utensils, motor vehicles, and chemical and pharmaceutical products. The total value of foreign trade is somewhat low just now. The United States is by far the largest exporter to Haiti, mostly of manufactured goods, canned products and other foodstuffs, including wheat. It is also the largest importer of Haitian goods, with France, Belgium and Canada following. A trade treaty was signed with Japan recently and a new one with France.

Canadian-Haitian Trade

Trade between Canada and Haiti decreased during 1959 and 1960, mainly as a consequence of a radical drop in Canadian wheat exports to Haiti; Caribbean Mills now is importing U.S. wheat and flour only. Other factors were the higher cost of transportation from Canada and higher Canadian prices. The following table summarizes trade between Canada and Haiti in 1958 and 1959 and during the first quarter of 1960:

	1958	1959	Jan.-April 1960
Can. exports to Haiti	$2,196,610	$1,379,695	$491,364
Can. imports from Haiti	1,080,450	1,068,123	228,135

Currently, main Canadian exports to Haiti are fish, chemical products, rubber goods (tires and tubes), and paper and wood products (plywood, shooks of wood for boxes). Main exports from Haiti to Canada are sisal, green coffee beans and fibre produce (twine, rugs), rum and handicraft, particularly of mahogany and sisal.

Local conditions for processing fish are unfavourable and refrigeration is lacking, so there is an excellent demand for salted and smoked fish. Imports of Canadian fish in 1959 totalled 7,964,320 pounds compared with 7,970,800 pounds in 1958. Largest exports to Haiti are alewives, followed by bloaters of the 80-120 or (better still) of the 140-160 variety, and by salted codfish. There is, however, little demand for pickled herring, canned fish (except sardines) and frozen fish. In all cases, prices must be kept low, otherwise Canadian exporters may encounter much stiffer competition from European exporters.

A Price Market

Above all, Haiti is a price market. Purchasing power is low and the average annual income is the smallest in the hemisphere, only $65. Quality does not count. As for wealthy Haitians, they tend to look for European products. It must also be kept in mind that this is a tropical country and temperature is high almost everywhere except at altitudes over 4,000 feet. Thus some Canadian products can find no market here. For instance, a firm offered recently six pairs of nylon stockings for one dollar. A local newspaper wrote, "For that price, no girl should go without them, except who wears stockings?"

There are no foreign exchange controls in Haiti. Credit is expected and granted easily. Duties are levied both on an ad valorem and a specific basis. The national currency is the gourde but U.S. dollars are used freely and are exchangeable at a fixed rate of five gourdes to the dollar, under a Convention in force since 1919. There is a branch of the Royal Bank of Canada in Port-au-Prince.

Canada and Haiti exchange most-favoured-nation tariff treatment and have negotiated tariff concessions on items of importance in their trade under the GATT, of which both countries are members.

This Embassy will be pleased to provide Canadian exporters with any further information on the Haitian market, duties, advertising and publicity agents, and other pertinent matters. ●

Puerto Rico

W. B. McCULLOUGH, *Commercial Counsellor, Ciudad Trujillo.*

PUERTO RICO'S economy rose to new heights in the fiscal year ended June 30, 1959, and according to the office of Economic and Financial Research, the outlook for fiscal 1960 is brighter than ever. Significant strides were made in all important sectors. The Commonwealth's net income reached $1,148 million, up almost 8 per cent from the previous year. Agricultural income expanded by nearly 5 per cent and manufacturing income rose by 8 per cent. Net income from trade registered a 10 per cent increase.

Private financial activity kept pace with the rest of the economy. Bank deposits totalled $477.3 million, up about 14 per cent from the previous year. Eighteen new branches of commercial banks operating in Puerto Rico were opened during the year.

For the first time in history the annual per capita personal income exceeded $500, reaching $511 in contrast to $272 in 1949 and $121 in 1940.

Although Canada's exports to the island dropped about 16 per cent in 1959, our exports during the first seven months of 1960 have increased modestly over the same period last year.

Industrial Drive Successful

During the fiscal year ended June 30, 1959, 53 new government-promoted or assisted factories were built, bringing the cumulative total since 1947 to 627 in operation. This policy of the Government's Economic Development Administration (locally termed Operation Bootstrap) of promoting industry on the island continues. Generous incentives are offered to investors: these include tax exemptions, economic studies on production costs, plant locations, and financing.

Puerto Rican agriculture made a partial recovery in fiscal 1959. The gross value of production was $228.3 million, 6 per cent higher than the average value of production in the years 1952-53 to 1957-58. Raw sugar output reached 1,072,000 tons. This was below the marketing quota assigned to Puerto Rico but 149,700 tons above the preceding year's production.

Coffee, tobacco and legumes registered decreases during the year but all livestock products exceeded the previous year's production. The value of milk production was estimated at $49.3 million, up 6 per cent over the previous year, and beef production at $10.8 million, up $1.3 million. Other items such as eggs, pork, poultry and goats increased in value and in volume.

Tourist Trade

Puerto Rico has a thriving tourist industry and more and more people are visiting the island to enjoy a pleasant tropical holiday. New luxury hotels are being built each year and during the season December-March, reservations must b made well in advance. But people are also tending to spend their summer vacations in the tropics and during July hotel-room occupancy stood at about 80 per cent. During the fiscal year ended June 30, 1959 tourist revenue was estimated at $42 million, compared with $34. million in 1958 and $28 million i 1957.

External Trade

External trade continued to clim in 1959, with imports registering gain of 9.6 per cent and exports c 7 per cent over the previous year. The trade statistics for the fiscal year ended June 30, 1960, are no available. The table on page 4 shows the value of imports and exports for the past two fiscal years:

	Imports	Exports
	(in millions of U.S.$)	
1958	728.9	467.9
1959	807.1	503.2

As in previous years, the export-import deficit in 1959 was financed mainly by outside investment in Puerto Rico, unilateral transfers, and the tourist trade. The most significant change in the trade pattern was the increase in imports from European Common Market countries—to $26 million from $17 million in 1958. About half of these mports came from West Germany.

During the fiscal year 1959, imports from sources outside the United States were valued at $137.2 million, 8.3 per cent of total imports, compared with $108.6 million or 8.5 per cent the previous year.

Table I gives imports from foreign countries (i.e., other than the United States), for the fiscal year ended June 30, 1959, compared with fiscal 1958.

Trade with Canada

Canadian exports to Puerto Rico in 1959 were valued at $10.5 million, down from $12.5 million the previous year. However, during the first seven months of 1960 our exports reached $6.4 million, up from the $6.0 million in the same period in 1959.

As in previous years, the big three continue to be lumber, dried cod and newsprint. Puerto Rico is our most important market for salt cod from the Atlantic Provinces, with about three-quarters coming from Newfoundland. Salted fish is basic in the Puerto Rican diet and one of the few staples the price of which is controlled by the Government.

Demand for construction lumber, such as Douglas fir and hemlock planks, continued in 1959 and is holding up in 1960. This material is widely used in the construction of factories, office buildings and homes, and is supplied by British Columbia.

TABLE I—PUERTO RICAN IMPORTS

	1958	1959
	(in thousands of dollars)	
Animals and animal products, edible	9,226	12,536
Animals and animal products, inedible	167	406
Vegetable food products and beverages	7,165	7,627
Vegetable products, inedible, except fibres and wood	806	1,031
Textile fibres and manufactures	1,201	1,573
Wood and paper	8,838	10,281
Non-metallic minerals	54,330	68,339
Metals and manufactures, except machinery and vehicles	8,516	11,414
Machinery and vehicles	8,741	15,903
Chemicals and related products	5,610	5,267
Miscellaneous	4,098	2,911

TABLE II—CANADIAN EXPORTS TO PUERTO RICO

	1958	1959	Jan.-July 31, 1960
		(in Canadian dollars)	
Potatoes n.o.p., except seed	843,027	173,972	
Malt	445,582	491,834	258,040
Pollock, dried salted	227,334	420,802	228,747
Cod, salted	3,692,337	2,271,469	1,823,074
Haddock and pollock, frozen	15,292	25,517	11,557
Other cured fish	33,649	28,458	18,186
Planks, boards	3,135,834	3,390,460	2,502,452
Newsprint	1,630,272	1,524,610	329,850
Passenger automobiles	343,415	358,115	441,680
Copper rods, strips, sheets	24,879	117,693	52,074
Copper tubing	154,173	311,477	257,349
Electrical apparatus n.o.p.	4,436	264,112	2,063
Whisky	83,632	98,117	34,175
Seed potatoes	113,109		
Aluminum in primary forms and semi-fabricated	394,336		521
Total exports to Puerto Rico	12,569,861	10,542,683	6,430,547
Exports to Puerto Rico for Jan.-July 31, 1959			6,023,249

TABLE III—CANADIAN IMPORTS FROM PUERTO RICO

	1958	1959	Jan. -April 30, 1960
		(in Canadian dollars)	
Coconuts	40,760	32,710	28,311
Molasses of cane	223,267		
Rum	503,934	525,575	137,002
Machinery and parts n.o.p.	169,181	120,079	49,575
Flat-irons, electric, and parts	82,701	222,111	110,425
Ethylene glycol for antifreeze		442,297	
Total imports from Puerto Rico	1,442,644	1,800,158	487,543

Sales of newsprint have dropped notably this year, although there is no reason to believe that Canada will not continue to be the principal source of supply. According to the *Maritime Register*, arrivals of newsprint from all sources during the first seven months of 1960 totalled

2,747 tons in contrast with 5,905 tons for the same period in 1959 and 5,609 tons in 1958. According to Canadian statistics, newsprint sales to Puerto Rico to the end of July 1960 totalled 2,383 tons, compared with 5,334 tons to the end of July last year. Earlier this year the leading newspapers in Puerto Rico indicated that their requirements of newsprint would be slightly larger than last year.

An interesting export is passenger automobiles, which show an increase this year. These are the Pontiac sixes—models not manufactured in the U.S.—that compete with other makes in this market.

Our principal imports from Puerto Rico are shown in Table III.

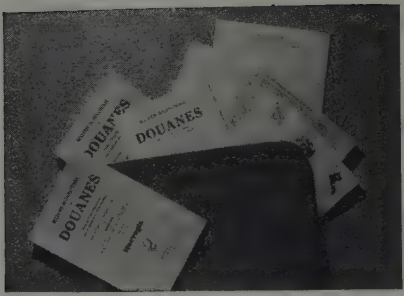
Canadian exporters who wish to do business here should note that there are no import restrictions or exchange controls and that Puerto Rico is part of the U.S. domestic customs and trade area. There are no tariffs or other trade barriers between the island and the United States and the U.S. tariff applies to all foreign goods imported from abroad. The unit of currency is the U.S. dollar.

Like other countries in the Caribbean area, Puerto Rico is a price conscious market. Competition fro other countries is keen, particularl from duty-free imports from th United States mainland. Puerto Ric is an excellent outlet for Canadia raw and semi-processed material for consumption by her expandin industries. Canadian businessme should thus keep Puerto Rico i mind as an area well worth investigating, now and in the future. Fo those who can visit the market, Sa Juan, the capital, is only about thre hours by air from New York. ●

SHIPPING SERVICES FROM CANADA TO THE CARIBBEAN

	FROM		
TO:	**Pacific Coast**	**Great Lakes**	**St. Lawrence and Atlantic**
Bahamas			Saguenay Shipping Ltd. *(Saguenay Shipping Ltd. Montreal)*
Barbados			Royal Netherlands Line *(Montreal Shipping Co Ltd., Montreal)* Saguenay Shipping Ltd
British Honduras			Gran Centroamericana *(McLean Kennedy Ltd. Montreal)*
Costa Rica	Chilean North Pacific Line *(Dodwell & Co., Vancouver)* Grace Line *(C. Gardner Johnson Ltd., Vancouver)* Grancolombiana *(Balfour Guthrie (Canada) Ltd., Vancouver; Swedish American Line, Montreal)* Venezuelan Line *(Empire Shipping Co. Ltd., Vancouver)*		
Cuba	Grace Line K Line *(Johnson Walton Steamships Ltd., Vancouver)* O.S.K. Line *(C. Gardner Johnson Ltd., Vancouver)*		Grancolombiana Saguenay Shipping Ltd. Swedish American Line *(Swedish American Line, Montreal)*

Dominican Republic	K Line Mitsui Line *(Pacific Export Lines Ltd., Vancouver)*		Saguenay Shipping Ltd.
El Salvador	Chilean North Pacific Line Grace Line Grancolombiana		*Via Puerto Barrios:* Gran Centroamericana
Guatemala	Chilean North Pacific Line Daido Line *(Dingwall Cotts & Co., Vancouver)* Grace Line Grancolombiana		Gran Centroamericana
Haiti			Royal Netherlands Line
Honduras	Grace Line		Gran Centroamericana
Jamaica	K Line		Canada Jamaica Line *(Kerr Steamships Ltd., Montreal)* Saguenay Shipping Ltd.
Leeward and Windward Islands			Saguenay Shipping Ltd.
Mexico	Chilean North Pacific Line Daido Line Grancolombiana Grace Line Venezuelan Line		Grancolombiana Swedish American Line
Nicaragua	Chilean North Pacific Line Daido Line Grace Line		
Panama	Daido Line d'Amico Line *(Anglo Canadian Shipping Co. Ltd., Vancouver)* Grace Line K Line Mitsui Line		Grancolombiana West Coast Line *(Saguenay Shipping Ltd., Montreal)*
Puerto Rico			Saguenay Shipping Ltd.
Trinidad	Daido Line K Line Mitsui Line Moore-McCormack Lines *(Balfour Guthrie (Canada) Ltd., Vancouver)*	Michigan Ocean Line *(Kerr Steamships Ltd., Montreal)*	Michigan Ocean Line Royal Netherlands Line Saguenay Shipping Ltd.



Trade and Tariff Regulations

Argentina

PACKING LISTS—The original regulation requiring the provision of a packing list for all shipments presented for customs clearance in Argentina was suspended to permit a detailed study of the problem. Now, a new regulation, effective October 23, 1960, as contained in Customs Resolution #433, has been promulgated. The details of this resolution are as follows:

1. The Customs authorities must be supplied with a packing list which gives in detail the contents of each package in addition to the usual commercial invoice and legalized consular invoice.

2. However, where the contents of all packages are identical to any one package, the packing list need list in detail only the contents of the single package.

3. Goods imported in bulk, such as sand, coal, petroleum, etc., are exempted from this requirement. Also exempt are shipments in which the individual articles are absolutely identical in all respects—type, weight, characteristics, etc.—since in such cases a packing list would have no value in respect of the fiscal control of the merchandise.

4. Preferably the packing list should be completed in Spanish, but it will be accepted in English, French, Italian or German. However, the Customs authorities reserve the right to require an acceptable translation to be presented in cases where this is considered necessary.

5. The previous resolutions on this subject, No. 109 of January 29, 1960, and No. 232 of April 18, 1960, are cancelled—Buenos Aires.

Cuba

STATE TRADING—Mr. R. R. Parlour, Commercial Counsellor in Havana, reports that BANCEC, the Cuban State Trading Agency, has been made the *sole importer* of all commodities imported into Cuba. Shipments already covered by import licences are not affected by this change. But as of October 21 no further licences will be granted to private importers.

Mr. Parlour also reports that BANCEC has announced that commission agents acting as intermediaries in BANCEC operations with foreign suppliers are now required to accompany the standard "Purchase Application" form, which they must file with BANCEC, with a sworn declaration indicating the amount or percentage they are to receive in each operation.

Trinidad

LICENSING ANNOUNCEMENT—The Government of Trinidad has announced that, effective September 23, 1960, imports of beer, stout, and eggs not in the shell, liquid, frozen, are no longer under import control.

Turkey

FIFTH IMPORT QUOTA ANNOUNCED—The Commercial Counsellor in Athens, Greece, reports that the fifth import quota was announced on October 3 to cover the anticipated three-month period, October-December 1960. The deadline for import licence application is November 3. Import licences would be valid for seven months instead of six as previously.

The global quota allocations total $44.4 million. Included in the allocations are: iron and steel products $3.7 million; non-ferrous metals $575,000; chemical fertilizers $1.5 million; antibiotics and pharmaceuticals $1.45 million; diesel petrol engines $1 million; hides and skins $1 million; plastic raw materials $1 million; synthetic resins $100,000; carbon black $850,000; synthetic and artificial silk yarns $650,000; disinfectants, etc., $350,000; paints and colours $160,000; hand tools $150,000; wood pulp $200,000; pitprops $100,000.

The free import list is basically unchanged from that in force from February 1960, but it now includes items previously granted automatic licence which the February list cancelled. Additions to the list include brake and clutch linings, refractory bricks, ammonium phosphate, aluminum and zinc. Free import licences are issued on demand and are valid for six months.

Further information will be available when the official text of the amendment is received.

Uruguay

IMPORT REFORM—Mr. Blair Birkett, Commercial Counsellor in Montevideo, reports that Uruguay has eliminated all prohibitions on imports, and has simplified and reduced the surcharges and prior deposit requirements applicable to imported goods.

Surcharges are now levied at the rate of 40 and 75 per cent of the c.i.f. value for products for which locally-made substitutes exist, and at the rate of 150 per cent for goods considered to be luxury goods by the Uruguayan Government.

The three categories of goods requiring prior deposits of 50, 100, and 150 per cent of the c.i.f. value have been replaced by a single category requiring a prior deposit of 100 per cent of the c.i.f. value, applying only to luxury goods, subject to a surcharge of 150 per cent.

The new import classifications are still subject to appeal from local industry and as a result the import lists have not yet been finally established.

Further details will be published when they become available.

Trade Commissioners on Tour

In Canada:

B. HORTH, Assistant Commercial Secretary in The Hague, Netherlands:

Montreal—Nov. 14-18
Toronto—Nov. 21-25
Vancouver—Jan. 27-31

When he completes his tour, Mr. Horth will be posted to New Delhi, India, as Assistant Commercial Secretary.

Businessmen who wish to see Mr. Horth should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

In territory:

D. S. ARMSTRONG, Commercial Counsellor in Cairo, United Arab Republic, will visit Aden and Jeddah, Saudi Arabia, from December 7-16.

A. A. BARRIGA, Commercial Assistant in Bogotá, Colombia, will visit Quito and Guayaquil in Ecuador from November 7-11.

F. B. CLARK, Commercial Secretary in Mexico City, will visit Guadalajara and Manzanillo from December 5-10.

P. A. FREYSENG, Assistant Commecial Secretary in Vienna, Austria, will visit Bucharest, Romania, and Sofia, Bulgaria, from November 22-30, and Budapest, Hungary, from December 13-16.

W. J. JENKINS, Acting Commercial Secretary in Lima, Peru, will visit Pucallpa and Iquitos during the second half of November.

W. M. MINER, Assistant Commercial Secretary in Mexico City, will visit Aguascalientes, Leon, Guanajuato and Queretaro from December 27-31.

K. F. OSMOND, Commercial Secretary in Accra, Ghana, will visit Sierra Leone, Gambia and Liberia from November 11-24.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Belgrade, Zagreb and Ljubljana in Yugoslavia, from October 31–November 11, and Prague, Czechoslovakia, from December 5-9.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Armstrong at Cairo, the Commercial Secretary at Bogotá, Mr. Clark and Mr. Miner at Mexico City, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Jenkins at Lima, and Mr. Osmond at Accra.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02400.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 24	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01186	84.32	(1)
Austria	Schilling		.03774	26.50	
Australia	Pound		2.1983	.4549	
Bahamas	Pound		2.7479	.3639	
Belgium and Luxembourg	Franc		.01959	51.05	
Bermuda	Pound		2.7479	.3639	
Bolivia	Boliviano	Free	.00008548	11,698.64	
British Guiana	Dollar		.5725	1.75	
British Honduras	Dollar		.6870	1.45	
Brazil	Cruzeiro	General Category*	.004266	234.41	*Oct. 11 (2)
		Special Category	.001612	620.46	
		Official selling	.05163	19.37	(3)
Burma	Kyat		.2051	4.87	
Ceylon	Rupee		.2061	4.85	
Chile	Escudo	Free	.9283	1.07724	(4)
Colombia	Peso	Certificate	.1458	6.86	
Congo, Republic of	Franc		.01959	51.05	
Costa Rica	Colon	Official	.1739	5.75	
		Controlled free	.1468	6.81	
Cuba	Peso		.9766	1.02396	tax 2%
Czechoslovakia	Koruna		.1356	7.37	
Denmark	Krone		.1419	7.05	
Dominican Republic	Peso		.9766	1.02396	
Ecuador	Sucre	Official	.06511	15.36	
		Free	.05711	17.51	
Egyptian Region, United Arab Rep.	Pound	Official	2.8043	.3566	
		Export account selling	2.4125	.4145	
El Salvador	Colon		.3906	2.56	
Fiji	Pound		2.4756	.4039	
Finland	Markka		.003052	327.65	
France, Monaco, etc.	New Franc		.1988	5.03	(5)
French Territories, Africa, etc.	Franc		.003976	251.51	(6)
French Pacific	Franc		.01093	91.49	(7)
Germany	D Mark		.2341	4.27	
Ghana	Pound		2.7479	.3639	
Greece	Drachma		.03255	30.72	
Guatemala	Quetzal		.9766	1.02396	
Haiti	Gourde		.1953	5.12	
Honduras	Lempira		.4883	2.05	
Hong Kong	Dollar	Free*	.1715	5.83	*Oct. 7
		Official	.1717	5.82	
Iceland	Krona	Official	.02570	38.91	(8)
India	Rupee		.2061	4.85	
Indonesia	Rupiah	Official	.02170	46.08	(8)
Iran	Rial		.01289	77.57	
Iraq	Dinar		2.7344	.3657	

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*Latest available quotation date.

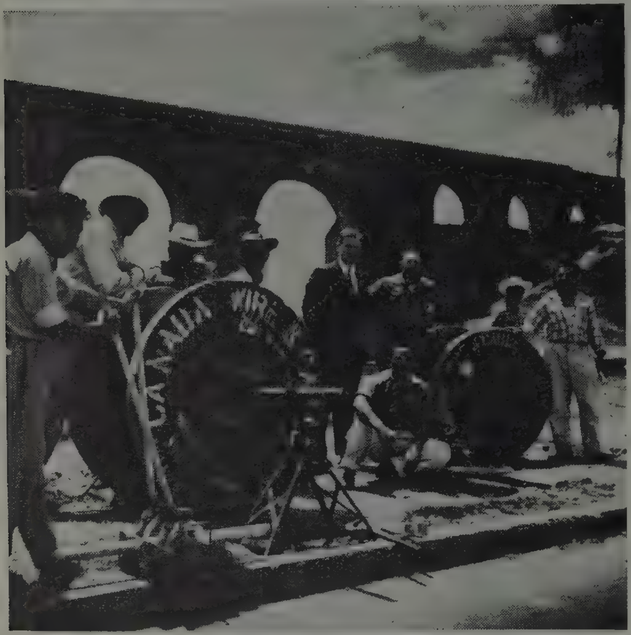
Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 24	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7479	.3639	
Israel	Pound		.5425	1.84	
Italy	Lira		.001574	635.32	
Japan	Yen		.002713	368.59	
Lebanon	Pound	Free	.3067	3.26	
Mexico	Peso		.07813	12.80	
Netherlands	Florin		.2590	3.86	
Netherlands Antilles	Florin		.5219	1.92	
New Zealand	Pound		2.7479	.3639	
Nicaragua	Cordoba	Effective buying	.1479	6.76	
		Official selling	.1385	7.22	
Nigeria	Pound		2.7479	.3639	
Norway	Krone		.1371	7.29	
Pakistan	Rupee		.2061	4.85	
Panama	Balboa		.9766	1.02396	
Paraguay	Guarani	Official	.007720	129.53	
Peru	Sol		.03634	27.52	
Philippines	Peso		.4883	2.05	
Portugal & Colonies	Escudo		.0341	29.32	(9)
Singapore and Malaya	Straits Dollar		.3206	3.12	
Spain and Dependencies	Peseta		.01628	61.44	
Sweden	Krona		.1892	5.28	
Switzerland	Franc		.2268	4.41	
Syrian Region, United Arab Rep.	Pound	Free	.2732	3.66	
Thailand	Baht	Free	.04619	21.65	(8)
Turkey	Lira		.1085	9.22	(8)
Union of South Africa	Pound		2.7479	.3639	
United Kingdom	Pound		2.7479	.3639	
United States	Dollar		.9765625	1.02400	
Uruguay	Peso	Free	.08814	11.34	(10)
Venezuela	Bolivar		.2915	3.43	
West Indies Fed.	Dollar		.5725	1.75	(11)
	Pound		2.7479	.3639	(12)
Yugoslavia	Dinar	Official	.003255	307.22	(8)
		Settlement rate	.001545	647.17	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

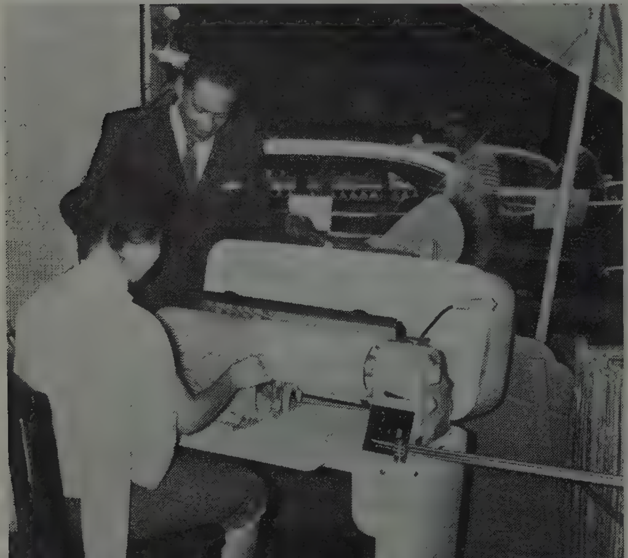
In Guatemala—A handsome new boulevard has been built in Guatemala City and now the work crews are installing the lighting system, using steel wire and cable from Canada.



In Trinidad—Canadian-made, decorative plastic laminate provided the gleaming top for this counter, chosen to furnish th reception area of Varig Airlines' office in Port-of-Spain

Canada in Caribbean Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".



In Mexico—A young housewife considering the purchase of an electric ironer visits a retail store in busy downtown Mexico City and tries one which has been imported from Canada.

In Jamaica—A Jamaican manufacturer of women's shoes wi soon receive these Canadian plastic heels. Just taken from th moulding machine, they are being examined by the manage

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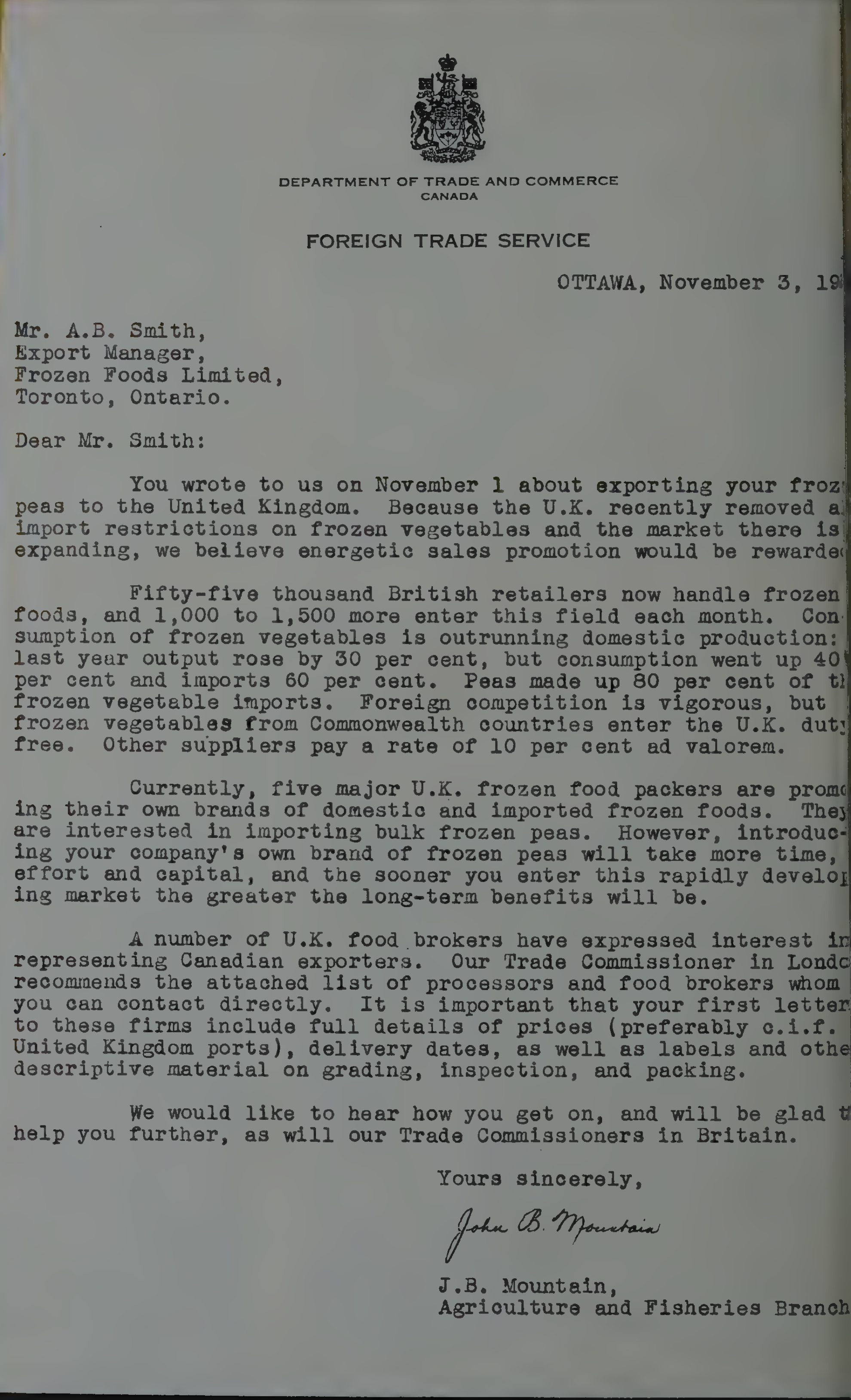
Can I sell frozen peas to the U.K....



DEPARTMENT OF TRADE AND COMMERCE
CANADA

FOREIGN TRADE SERVICE

OTTAWA, November 3, 19

Mr. A.B. Smith,
Export Manager,
Frozen Foods Limited,
Toronto, Ontario.

Dear Mr. Smith:

You wrote to us on November 1 about exporting your froz
peas to the United Kingdom. Because the U.K. recently removed a
import restrictions on frozen vegetables and the market there is
expanding, we believe energetic sales promotion would be rewarde

Fifty-five thousand British retailers now handle frozen
foods, and 1,000 to 1,500 more enter this field each month. Consumption of frozen vegetables is outrunning domestic production:
last year output rose by 30 per cent, but consumption went up 40
per cent and imports 60 per cent. Peas made up 80 per cent of t
frozen vegetable imports. Foreign competition is vigorous, but
frozen vegetables from Commonwealth countries enter the U.K. dut
free. Other suppliers pay a rate of 10 per cent ad valorem.

Currently, five major U.K. frozen food packers are promo
ing their own brands of domestic and imported frozen foods. The
are interested in importing bulk frozen peas. However, introducing your company's own brand of frozen peas will take more time,
effort and capital, and the sooner you enter this rapidly develop
ing market the greater the long-term benefits will be.

A number of U.K. food brokers have expressed interest in
representing Canadian exporters. Our Trade Commissioner in Londo
recommends the attached list of processors and food brokers whom
you can contact directly. It is important that your first letter
to these firms include full details of prices (preferably c.i.f.
United Kingdom ports), delivery dates, as well as labels and othe
descriptive material on grading, inspection, and packing.

We would like to hear how you get on, and will be glad t
help you further, as will our Trade Commissioners in Britain.

Yours sincerely,

John B. Mountain

J.B. Mountain,
Agriculture and Fisheries Branch

Trade and Commerce Can Help Yo

NOVEMBER 19, 1960

foreign trade

NADA

HOW TO ADVERTISE IN MEXICO (page six)

Established in 1904

foreign trade

OTTAWA, NOVEMBER 19, 1960 Vol. 114, No. 11

cover The night sky in Mexico City is brightened by numbers of attractive and imaginative illuminated signs—some of them already familiar to Canadian eyes. They have proved particulary effective in promoting well known consumer products like soft drinks and cigarettes, widely used by all classes. For advice on advertising other products in Mexico and on media, turn to page six.

CANADA

2 **Consulting Engineers Probe Opportunities in Latin America** *. . . uncover some interesting leads, record some impressions.*

6 **Advertising Abroad: Mexico** *. . . another article in our series; points up need for consulting a Mexican advertising agency.*

10 **Hong Kong Develops Plastics Industry** *. . . buys raw materials abroad. Market survey shows what is imported and from where.*

16 **Agriculture: New Zealand Seeks New Outlets** *. . . plans to improve marketing practices and widen its range of customers.*

20 **Jamaica: Market for Electrical Appliances** *. . . is active and growing, reports our Kingston office—but so is competition.*

22 **Australia: the Market for Electronic and Communication Equipment** *. . . a useful guide for assessing Canadian export prospects.*

5 **Air Freight to Britain**

8 **What Is IDA?**

13 **Switzerland Imports Wood**

14 **Taiwan Makes Progress**

24 **Iran Exports Carpets**

26 **Indonesia Announces Monetary Measures**

28 **In Colombia: Steel Sparks Metal Industry**

30 **Market for Paints and Varnishes**

31 **Businessman's Bookshelf**
18 **Commodity Notes**
34 **Foreign Exchange Rates**
36 **Markets in Brief**
33 **Tours of Territory**
32 **Trade Commissioners on Tour**
33 **Trade and Tariff Regulations**

Published fortnightly by the Department of Trade and Commerce.
The Hon. GEORGE HEES, Minister. JAMES A. ROBERTS, Deputy Minister.

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Consulting Engineers

CANADIAN
PACIFIC
Canadian Pacific

Probe Opportunities in Latin America

A mission of 14 Canadian consulting engineers visited Argentina, Chile, Peru and Colombia last September to try to determine the opportunities for their services in these countries, many of them with exciting projects in the planning stage. The Secretary of the mission describes the satisfying results.

R. A. FRIGON, *Chief, Engineering and Equipment Division, as told to Norman Dahl.*

ON the evening of Friday, September 16, a big Canadian Pacific airliner touched down at Buenos Aires, and a group of Canadians stepped out onto the tarmac to begin a 19-day tour of Argentina, Chile, Peru and Colombia. The new arrivals were members of the first Canadian mission of consulting engineers ever to set foot in South America.

I was on hand at the airport to meet the mission and, in my job as secretary and co-ordinator (the mission was under the auspices of the Department of Trade and Commerce), to help guide it through the busy days ahead. It is an hour-and-a-half drive down the broad, tree-lined highway from Ezeiza airport to the city, and the travellers had plenty of time to adjust themselves to the idea of being on the other side of the world, approaching the largest city in the southern hemisphere. On Saturday we met with the Commercial Counsellor of the Canadian Embassy for a briefing session, and on Sunday, we were guests at a fiesta inaugurating the Sixth Convention of the Union Panamericana de Asociaciones de Ingenieros (UPADI). Here at an estancia on the pampas outside the city, convention organizers staged an enormous gaucho-style barbecue for some 300 people. Surrounded by good food, good talk, folk dancing, we began to catch the flavour and tempo of Latin America, and to make the round of introductions to professional engineers, businessmen, politicians and civil servants who were to be our mentors and guides during the mission.

By now the reader will be asking why we came to South America in the first place. Who conceived this mission, and what did it seek to accomplish?

The idea of a mission of consulting engineers to make Canadian engineering better known in South America came to us at Trade and Commerce late last spring. We searched about for an engineering event that would bring together as large a group of our South American colleagues as possible, and provide a good starting point for our visit. Our choice was the UPADI convention, to be held in Buenos Aires in September. (UPADI is an association of engineering societies of North and South America.) The idea received the enthusiastic support of the Engineering Institute of Canada, and a group of 14 consulting engineers were promptly named as delegates to the convention.

The UPADI convention was the occasion we were looking for. The meetings, formal and otherwise, proved an ideal place to renew old acquaintances and make profitable new ones. About one-third of the mission members had done some business in South America, and were able to reach new agreements and to foster relationships already established.

The Discussions

Most of the talks, tours, receptions and discussions that took us from Buenos Aires to Bogotá during the next three weeks were arranged by the Canadian Trade Commissioners in those cities. We met with government officials, heads of private and state corporations, engineers and businessmen. Visits were made in groups—we would be addressed, for example, by the president of a corporation or a Minister of Commerce—and appointments were arranged for and by individuals with their Latin American counterparts.

It was obvious from the start that here was no lack of interest in Canadians and what they had to ffer in the field of consulting engineering. This interest and desire o be of assistance showed itself in nany ways, including, not least, eating arrangements at table! The ccasion I have in mind was a uncheon arranged by the Institute f Engineers in Santiago. Mr. J. M. Knowles, Acting Commercial Secreary, had suggested casually to the

Members of the Mission

Consulting Engineers

CHARLES C. HUSTON (spokesman)
C. C. Huston & Associates, Toronto. Exploration, evaluation and operation of ferrous, non-ferrous industrial and radioactive mineral projects.

G. R. ADAMS
Foundation of Canada Engineering Corporation Limited, Toronto. Civil, structural, electrical and mechanical engineering.

W. H. BEATON
Beauchemin-Beaton-Lapointe, Montreal. Municipal engineering and townsites, airport facilities, highway work and defence installations.

C. A. DAGENAIS
Surveyer, Nenniger & Chênevert, Montreal. Structural, mechanical, electrical engineering, soil mechanics and geology.

NICHOLAS FODOR
Nicholas Fodor & Associates Limited, Toronto. Mechanical, electrical and civil engineering.

R. McL. P. HAMILTON
General Engineering Company Limited, Toronto. Industrial, metallurgical and mining projects.

G. G. HATCH
W. S. Atkins & Associates Ltd., Toronto. Process engineering in mining, metallurgical, inorganic chemical and municipal fields.

A. T. HURTER
Stadler Hurter International Ltd., Montreal. Steam and hydro-electric plants, pulp and paper mills, chemical and industrial plants, town planning.

C. F. MORRISON
Morrison, Hershfeld, Millman & Huggins, Toronto. Buildings of all kinds, highway and railway bridges, roads, TV towers and microwave lines.

W. N. PAPOVE
Pathfinder Engineering Ltd., Vancouver. Pipelines, highways, bridges, buildings, marine and other structures, river control, aerial photography.

PAUL PELLETIER
Paul Pelletier Engineering Ltd., Montreal. Topographic and power surveys, dam design and reconstruction, and expressway bridges.

K. F. TUPPER
Ewbank and Partners (Canada) Ltd., Toronto. Thermal generating stations, utility services for industrial plants, transmission and distribution.

J. A. VANCE
Vance, Needles, Bergendoff & Smith Ltd., Woodstock, Ontario. Highways and highway bridges, expressways, airports; also traffic studies.

H. M. WRIGHT
Wright Engineers Ltd., Vancouver. Mining, metallurgical, structural, civil, electrical, chemical and architectural engineering.

Staff

R. A. FRIGON, (secretary), Department of Trade and Commerce, Ottawa.

J. H. BAILEY, Commercial Secretary and Consul, Bogotá, Colombia.

C. S. BISSETT, Commercial Counsellor, Buenos Aires, Argentina.

W. J. JENKINS, Acting Commercial Secretary, Lima, Peru.

J. M. KNOWLES, Acting Commercial Secretary, Santiago, Chile.

President some time before that his guests be chosen with an eye to the interests of each Canadian, as outlined in the mission brochure. At the luncheon, almost every mission member found himself sitting next to the man he would have sought out had he been left on his own. A number of agreements or understandings were the direct result. One of the Canadians was amazed to find himself flanked by the two men with whom he had been speaking that morning and whom he had already been seriously considering as his representatives. Another left the luncheon with his partner and skipped an important group meeting, such was the importance he attached to this contact.

The Consultant's Rôle

Consulting engineering in South America, we found, is not as fully established as it is in Canada. But the opportunities for work in these countries, though somewhat limited at present and in need of cultivation, are excellent. Most of the contracts for large projects are let in the form of "package deals", with the local engineer assuming the rôle of promoter, contractor, engineer, financier, etc. The members of the group saw in this setup an opportunity to collaborate with local engineers (who would do the general engineering) in doing specialized engineering work for which they are especially fitted. Much of their time was therefore spent looking for information about this type of contract.

But independent consulting engineering as it is practised in Canada exists in South America too. Much of this work is done by university professors and deans of engineering colleges, and one of the mission's problems was to work out associations with these locally prominent engineers.

Because of the nature of a consultant's work, and because many of the South American projects are still in the planning stage, mission members did not expect to be told much on the tour that would be of immediate constructive use. They were told of projects under way and mooted, of problems of construction and operation, and given the ammunition to organize individual or collective assaults on the market in the future. Much of the information gathered during the 19 days has come to me through letters written by mission members since their return, many of them including proposals for action on specific projects.

Mission Members Write

"There definitely are opportunities for foreign consultants," one of the engineers writes, "as evidenced by the number of American, British, European and Japanese firms already practising there. This situation should apply equally to Canadian firms." He notes that to engage actively in the market, one must open an office right in South America, preferably in collaboration with a local consultant, and he goes on to describe how this could be done.

Another engineer observes that Canadian opportunities are probably best in fields requiring specialized knowledge, such as the mining, metallurgical, chemical and pulp and paper industries. Studies, some of which are financed by the United Nations, are under way in most South American countries. And when these proposals become actual projects (a package-type deal is the one generally adopted), Canadians could exploit their obvious popularity and obtain a good share of the business.

One of the mission members passed on the suggestion of a Peruvian Government official that we are not advertising ourselves well enough; Canadian engineers should contact prospective associates in South America both in writing and by visits, he pointed out, stating their firms' qualifications and indicating approval of their ability by the World Bank. Many of the engineers on the mission did, in fact, bring their own advertising material. One had even prepared for the occasion a special Spanish version of his firm's brochure, complete with photographs showing the type of work it had done and could do.

All members mentioned problem of long-term financing in competing for business in Latin America, and the need for foreign capital in these countries. But they also mentioned that, as much of the development work is financed through international organizations — including the World Bank and the International Finance Corporation—and through the United Nations Specia Fund, Canadian consultants can make a strong bid for work in many projects by selling their services to these organizations.

Members were grateful for the assistance they received from the Department at home and abroad and from the Canadian Ambassadors and other officers of the Department of External Affairs in the countries visited. Trade Commissioners prepared detailed briefs acted as interpreters, and arranged press receptions, luncheons, individual and group appointments, and tours. An additional help was the attractive brochure prepared in Spanish by the Department a Ottawa, which included biographica sketches of each mission member with photographs, and an outline of the work of the Canadian consultants in Canada and throughout the world.

Building for the Future

Seen as a whole, and certainly in the long view, the mission can be judged an unqualified success. Members were most enthusiastic and since their return, have been systematically following up leads and pursuing recommendations with the Department.

In South America, we had the impression that we were breaking new ground, not only as engineers but as Canadians. Language was no special problem; two of the mission members spoke Spanish fluently many of the South Americans spoke

English, and French was understood by many of the officials we met, much to the delight of the French-speaking members of the mission. Their continent, of course, is not vastly different from our own: we share the problems of difficult terrain and sparse population, and the same goal of making the best use of natural resources to build up our manufacturing industries. With these things in common, achieving rapport with the Latin Americans was not difficult, and it is on this increased mutual understanding that we hope to build.

We Visited . . .

It would be difficult to name all the places we visited and the people we saw. Some might prove of interest, however, and I have included a few highlights in the following summary:

- *Buenos Aires* (Sept. 16-23)—Yacimientos Petroliferos Fiscales (YPF). Controls the petroleum industry. Possible opportunities for the consulting engineers in preparing feasibility reports, as well as in the evaluation of reserves, etc.

—Ministry of Public Works. Has previously done all its own designs for harbours, bridges, railways. This situation is changing; outside engineers are sometimes engaged.

—Ministry of Transport. Responsible for engineering and operation of all railroads, ports and airports. Will undoubtedly promote major engineering and construction projects in future as expansion plans, now being studied under the aegis of the World Bank, proceed.

—Industrial Development Bank. Loans money for development of industrial projects; will supply up to 70 per cent of the financing required for projects in three fields: energy, transportation and steel. Employs technical teams to make surveys; could possibly use services of consulting engineers.

—The Government Arsenal. Controlled by the Argentine Army; plays a strong role in industrial development.

- *Santiago* (Sept. 24-27)—Economic Commission for Latin America (ECLA). A UN organization with headquarters in Santiago; a consultative group for Latin American countries; serves as a stimulus and source of ideas; conducts economic studies; has information on Latin American economic development not available elsewhere; invites inquiries. Mission members enthusiastic about this visit; felt they might be useful to ECLA in conducting feasibility studies.

—Corporación de Fomento (CORFO). A government agency; sets up new industries in Chile; has efficient organization and highly trained staff; receives 6 per cent of Chilean budget and loans from World Bank and Eximbank. CORFO may be in need of outside consultants, particularly those with background in the process industries.

- *Lima* (Sept. 28-30)—Ministry of Development and Public Works. Administers "Plan Peruvía" (see *Foreign Trade*, October 22, 1960, p. 10) and the "Plan del Sur", a project for the development of southern Peru. World Bank is financing a study for expansion of transportation facilities; consulting engineer will then be appointed. Possible opportunities for Canadians in pulp and paper, mining, etc.

- *Bogotá* (Oct. 1-5)—Ministry of Public Works and Ministry of Development. Minister of Public Works outlined projects on which outside engineers could be engaged, principally those for which World Bank makes loans; projects include steel mills, electrification, railways, roads. (See *Foreign Trade*, September 10, 1960, p. 19.)

—Tours of industrial projects in Medellín and Cali, including textile mill in Medellín; visit to Corporación Autonoma Regional del Cauca at Cali, which is given over to development of the Cauca Valley; visit to Tequendama Falls power station, 19 miles outside Bogotá. ●

Air Freight to Britain

CANADA lags behind the rest of the world in using air freight when shipping to the United Kingdom. Air shipments of Canadian goods to Britain in 1959, taken on the average, amounted in value to only 1.3 per cent of our total exports to this market. Of total United Kingdom imports from all countries, 3.4 per cent arrived by air.

Recent figures, moreover, show a remarkable rise in the use of air freight for over-all United Kingdom imports. In terms of value, the percentage has more than doubled in the last three years alone. This is quite high when it is remembered that for the most part Britain's imports consist of heavy foodstuffs and raw materials.

The extent to which air freight is used for imports of manufactured goods has increased spectacularly in certain categories and shows a consistent rise year by year for nearly all types of manufactures. For example, the percentage of imports, by value, of "cotton yarns and woven fabrics" arriving by air rose from 5 in 1958 to 8 in 1959. The equivalent percentages for "man-made fibres and woven fabrics" were 17 and 26. As for "clothing, footwear, travel goods, and handbags," more than 25 per cent of all imports are now arriving by air.

Even more striking, because of the weights involved, is what is happening in machinery. About 21 per cent of 1959 imports of non-electric machinery arrived by air—a rise from 16 per cent in 1958. No less than 34 per cent of imports of electrical machinery, apparatus and appliances came by air in 1959.

The low percentage of Canadian goods dispatched by air freight to Britain is explained in part by the high proportion of products exported to Britain that are bulky in relation to their value, but it is not to be explained by geographical distance. This point is brought home by the fact that our neighbour, the United States, shipped no less than 7.4 per cent by value of its exports to Britain by air in 1959. This is more than double the average of all the supplying countries and nearly six times that of Canada. More of our exporters might well take advantage of the excellent facilities for shipment by air and thus give the British customer speedier service.

—W. GIBSON-SMITH,
Commercial Counsellor, London.

Advertising Abroad

In Mexico, television, with a potential audience of five million people, provides the best means of introducing a new product. Radio advertising later will help to maintain sales.

FRANK B. CLARK, *Commercial Secretary, Mexico, D.F.*

MEXICO CITY, with a population approaching five million, is a well developed consumer market and the use of various advertising media has long formed an important component in merchandising. Along the Paseo de la Reforma, the Madison Avenue of Mexico City, television is considered the best medium to introduce a new product; once it is established, radio announcements are preferred to keep the brand name before the public. The product image is important in a country where illiteracy is fairly high (about 38 per cent), so a visual medium is selected for the first stage of a publicity campaign. Depending on the advertiser's budget and the product, repeat messages by means of radio, newspapers, magazines or outdoor advertising should be considered.

Advertising Agencies

Both domestic and foreign companies with enviable growth records in this market give considerable credit to publicity campaigns organized by experienced local advertising agencies. Successful performance for a product in Toronto is no assurance that the same agency can repeat this in Mexico. To ensure the best advertising in this market the Canadian exporter should make a personal selection from one of the 125 agencies in this country. Seven of these are associates of well known international agencies with headquarters in the United States. Foreign advertisers should not restrict their search to these affiliated offices, however; the biggest and most successful agency in Mexico is a local company without any foreign connections.

Although advertising rates are comparatively low in Mexico, a publicity budget can often be reduced by using the services of a reliable market research firm. Some of the international advertising agencies have divisions within their organizations for this work, but only one company in Mexico devotes itself exclusively to market research. Most of its business comes from the advertising agencies. The Commercial Division of the Canadian Embassy can give Canadian exporters a good idea of sales prospects for a new product and advise whether publicity is worthwhile.

From the numerous agencies available, let us assume that one firm has been selected to handle a foreign account and that the budget for publicity has been approved. Translation is no problem because both management and employees are almost entirely Mexican and bilingual. They understand how to adapt designs, artwork and descriptive material to Mexican customs and preferences, which differ considerably from those in Canada. Artwork can be more imaginative and colours more violent, and if attractive señoritas are to appear in the ads, blondes have more appeal than brunettes.

Television

A good agency will first consider the possibilities of television for a product regardless of the end-use. Here is a medium that transmits on three channels in Mexico City and has a potential audience of five million people in the Federal District and adjoining states. There are also channels in Guadalajara (pop. 450,000), Monterrey (pop. 425,000), Chihuahua, Hermosillo, Torreón, Cd. Juárez (two channels) and Tampico—the cities that make up the principal urban markets in this territory.

A recent survey estimates that 395,000 television sets are tuned to the three Mexico City channels and 118,000 are in operation in the other cities. This represents a sizable group of affluent customers. If the product is made for industrial use it is likely that top management, the people to influence, own television sets. If it is a costly consumer product or a luxury item and high-income groups are likely prospects, these too are the people who have television in their homes. This medium is also effective for products that appeal to the low-income group because bars, restaurants, show windows and store demonstrations draw audiences.

Five-minute station breaks are the rule on Mexican television, so spot announcements lose their appeal because of the number shown.

A sponsored program is preferable if finances permit. One ingenious advertiser purchases the entire intermission between regular programs to run a brief story in cartoons. The cost is reasonable, about $800 per five-minute program, and interest is proved by the high audience rating.

Theatres

Despite the advantages of television, if this medium does not appeal to the advertiser or his agency, announcements in the theatres are usually considered. The theatres are still crowded in Mexico and during the newsreel showings three advertising announcements are inserted. For distribution costs of approximately U.S.$1,000, a silent coloured slide can be shown first in the better downtown theatres in Mexico City and then in the suburban districts. After three or four months the same announcement should have appeared in every city and town in Mexico. This form of advertising, however, does not offer the control that the sponsor demands. There is no assurance that the advertisement ever appeared as contracted in, for example, Chihuahua, or even in all of the theatres in Mexico City. Unless this publicity program is constantly supervised throughout the territory, the effectiveness of the medium cannot be gauged.

Radio

An advertiser is assured of a vast audience if he uses radio spot announcements. All forms of radio receivers are popular in Mexico—cars and taxis have them, portables are the vogue, and every house has at least one set. Commercials are oud and long and repetition must pay because repeat messages are the rule. Programs are about the same as those broadcast by commercial stations in Canada—popular music ollowed by occasional news reports. Radio is particularly effective in the interior, where television is not so common and the rates are low. A brief jingle and a few descriptive words on the product cost the sponsor the equivalent of U.S. 80 cents.

Publications

The newspapers, and to a lesser extent magazines, provide a more limited audience but these readers are in the higher income groups and are therefore more likely to be prospective customers. Mexico City newspapers now have the equipment for coloured advertisements so the product image appears in a more enduring form than on television. A regular one-page ad costs approximately U.S.$500 and the addition of one colour runs about U.S.$200. Mexico City has three popular morning newspapers and the other important markets have at least one. Compared with Canadian journals, however, circulation is small.

A wide range of local magazines are published, similar in style and content to *Look, Liberty, Time,* etc., but circulation is limited and publishers' figures are not too reliable. The Spanish edition of *Reader's Digest* is considered to be the best outlet, followed by the international edition of *Life*. Mexico does not yet have the industrial importance to warrant the publication of many trade magazines and the few there are are too limited in circulation to be effective. There is only one complete *Trade Directory* available.

Signs and Point-of-Sale

As for outdoor advertising, attractive and imaginative electric signs brighten the skyline of the principal cities. They are expensive to purchase and space rents are high, but these costs are balanced to some extent by low maintenance. Advertisers of high-volume, well known products like cigarettes, beer and tires use them to advantage. This medium is not effective nor economical for the introduction of a new product. Billboard space is limited and rentals are expensive; it is also difficult to ensure that the sign company will adhere to space allocations and the period of time contracted for.

There are other less expensive ideas to consider that will also achieve the objective of keeping a name and product before the public once a successful introduction has been made. Direct mail campaigns can be effective and reasonable in cost but point-of-sale advertising is preferred. Companies operating in Mexico attribute their success in advertising to the point-of-sale media such as counter cards, floor displays and dealer signs. Once the product is known to the consumer, this form of promotion applied at the moment of purchase has been proved to influence his selection. Regular supervision of the material on display is required, even though a charge is often assessed for the space.

Samples and premiums are used by some distributors of consumer products but not to the extent that they are in Canada or the United States. The usual form of sample distribution is a tie-in sale with an established product, a favourite offer for grocery and drugstore items. Permission must be sought from the Department of Economy before free samples can be distributed and these applications involve time and energy.

As far as forms of advertising are concerned, Mexico has everything that is available in Canada. Selecting the best type of publicity is a decision for an experienced local agency and it will also have the best qualifications to prepare advertising copy that will impress the Mexican customer. ●

What Is IDA?

Affiliate of the World Bank, the newly formed International Development Association enters the international aid field. What needs is it designed to fill? Will Canadians be able to participate in the projects it will sponsor?

JOHN D. BLACKWOOD,
Assistant Commercial Secretary, Washington, D.C.

A new international lending agency has been formed—the International Development Association (IDA) or, more popularly, Ida. Its purpose is to promote the economic growth of the underdeveloped member nations of the World Bank and it will function as an affiliate of the Bank.

The International Development Association came into being in August in Washington, D.C., when initial subscriptions pledged passed the $650-million mark. The figure, representing 65 per cent of the total proposed capitalization, was sufficient under the terms of the charter to put it into force. Canada officially joined IDA on August 9, pledging as its initial subscription U.S.$37.83 million. Membership is restricted to those nations now belonging to the World Bank.

Why add another set of initials to the already confusing array of international and unilateral aid institutions? The original idea came from Senator A. S. Monroney of Oklahoma. Supporters of his proposal felt that a new agency was needed which could offer development assistance on a multilateral basis, but on easier terms than those provided by the self-supporting World Bank and International Finance Corporation.

Formation of IDA was suggested by the United States at the 1959 annual meeting of the World Bank and the Executive Directors were asked to formulate a charter. The resulting Articles of Agreement have now been accepted by a majority of members, and the IDA is ready to begin business. The first loan applications may be considered late this fall.

Purpose

Article I of the Articles of Agreement defines the purposes of the International Development Association as follows:

> "To promote economic development, increase productivity and thus standards of living in the less-developed areas of the world included within the Association's membership, in particular by providing finances to meet their important development requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the developmental objectives of the International Bank for Reconstruction and Development . . . and supplementing its activities."

The Association may finance any project that makes an "important contribution" to economic development, whether or not it is revenue-producing. Thus social projects such as housing, water supply and sanitation may claim some assistance from IDA. For the most part, however, it is expected that funds will be allotted to projects similar to those now financed by the Bank, as these continue to rate high priorities in developing nations.

Loan Operations

This newest international financial institution will share the Board of Governors, Executive Board, management and staff of the World Bank. The distinctive feature of its operations—in contrast to those of its parent organization—will be the flexibility and leniency of its loan terms. Loans by the World Bank are made at going rates of interest in the leading money markets, with normal commercial terms; they are repayable in the same currency that is borrowed. The Association's charter, on the other hand, will allow its Executive Board wide latitude in tailoring loan terms to specific situations.

Terms of assistance will be as IDA "may deem appropriate". Long periods of repayment or long periods of grace may be allowed; i may grant exceptionally low interest charges or waive interest altogether it may accept complete or partia repayment in the borrower's currency. Guarantees by the recipien government will not be mandatory World Bank President Eugen Black has pledged that, "althoug

IDA'S PROPOSED INITIAL MEMBERSHIP AND INITIAL SUBSCRIPTIONS

	(millions of U.S. dollars)
Group I	
Australia	$20.18
Austria	5.04
Belgium	22.70
Canada	37.83
Denmark	8.74
Finland	3.83
France	52.96
Germany	52.96
Italy	18.16
Japan	33.59
Luxembourg	1.01
Netherlands	27.74
Norway	6.72
Sweden	10.09
South Africa	10.09
United Kingdom	131.14
United States	320.29
Total	763.07
Group II	
Afghanistan	1.01
Argentina	18.83
Bolivia	1.06
Brazil	18.83
Burma	2.02
Ceylon	3.03
Chile	3.53
Republic of China (Taiwan)	30.26
Colombia	3.53
Costa Rica	.20
Cuba	4.71
Dominican Republic	.40
Ecuador	.65
El Salvador	.30
Ethiopia	.50
Ghana	2.36
Greece	2.52
Guatemala	.40
Haiti	.76
Honduras	.30
Iceland	.10
India	40.35
Indonesia	11.10
Iran	4.54
Iraq	.76
Ireland	3.03
Israel	1.68
Jordan	.30
Korea	1.26
Lebanon	.45
Libya	1.01
Malaya	2.52
Mexico	8.74
Morocco	3.53
Nicaragua	.30
Pakistan	10.09
Panama	.02
Paraguay	.30
Peru	1.77
Philippines	5.04
Saudi Arabia	3.70
Spain	10.09
Sudan	1.01
Thailand	3.03
Tunisia	1.51
Turkey	5.80
United Arab Republic	6.03
Uruguay	1.06
Venezuela	7.06
Vietnam	1.51
Yugoslavia	4.04
Total	236.93
Grand total	1,000.00

DA will make ‘soft loans’ in the ense that they will provide for reayment obligations which impose much lighter burden on the borowing country's balance of paynents than do loans by the Bank, DA will not be a soft lender". The lose association with the highly rearded parent body will give IDA he benefit of the Bank's experience nd should ensure effective use of esources.

esources

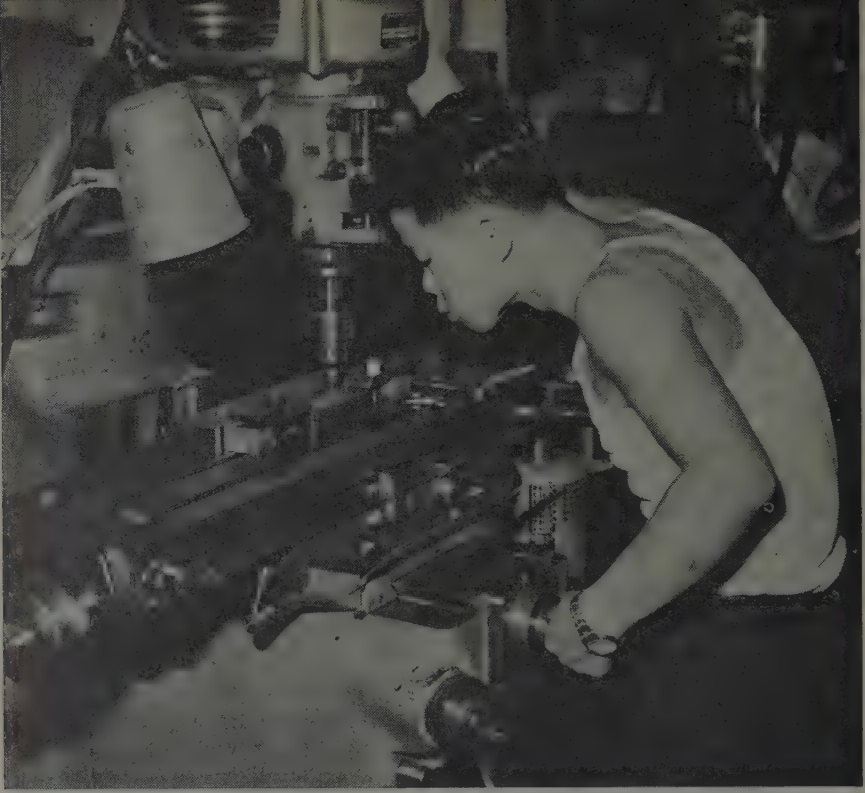
If all eligible countries join IDA, e initial subscriptions will total $1 billion; almost four-fifths will be in gold or convertible currencies. The members are divided into two groups. Seventeen of the more industrialized nations will pay all of their subscriptions in gold or freely convertible currencies. This group consists of the United States ($320 million), United Kingdom ($131 million), France and Germany ($52.96 million each), Canada ($37.83 million) and also Australia, Japan, South Africa and most Western European nations. Contributions for the group total $763 million.

The second group, consisting of 51 countries, will pay only 10 per cent of the initial subscription in gold or convertible currencies; its total subscription will amount to $237 million. The remainder will be paid (at least at the outset) in local currency. IDA also may acquire, subject to the approval of the member concerned, foreign currencies held by other members—such as those accumulated by the U.S. through sales of farm surpluses under P.L.480. IDA will only use such additional resources when this will not distort normal trade patterns or disturb the internal economies of the countries concerned. To the extent that the Association permits hard currency loans to be repaid in local funds, its convertible resources will decrease. Accordingly, the Charter provides for a periodic review of resources and possible increases in subscriptions.

Opportunities for Canadians

The large-scale projects financed by the Association should offer varied opportunities for Canadian consultants, contractors and suppliers of equipment to participate in these projects. In introducing legislation to enable Canadian participation in IDA, Finance Minister Fleming stated:

> "The articles of agreement also provide that in the procurement of goods and services required for projects which it is financing, the Association shall give due regard to considerations of competitive international trade. The Association will seek to subject the procurement of goods and services to the maximum amount of international competition and, whenever possible, to international competitive bidding. Firms from all member countries, including Canadian firms, will thus have the opportunity to provide the goods and services to be financed by the Association." ●



—H.K. Government Information Services.

Rapid growth of the plastics industry in the Colony has been based on use of most modern equipment, such as this machine for cutting steel dies for plastic toys.

Hong Kong Develops Plastics Industry

Booming industry uses large amounts of imported plastic raw materials. What is our share of this trade and who are our competitors?

D. J. McEACHRAN, *Assistant Trade Commissioner, Hong Kong.*

THE manufacture of plastic products in Hong Kong began only about twelve years ago, but it is one of the Colony's major industries. There are at present over 400 registered factories in operation, ranging from the largest, with over 1,000 employees, to small cottage-type operations with from two to three workers. Over the past few months there has been a noticeable consolidation within the industry, so that at the moment there are approximately thirty undertakings that can, by Hong Kong standards, be considered large (i.e., over 100 workers). Women employees outnumber men because a great amount of unskilled and tedious hand labour is used to assemble the many parts for finished toys and flowers.

Most of the finished articles are exported, mainly to the United States, Britain, Australia and Canada, though increasing quantities are going to European countries, Africa, and adjacent Southeast Asian markets, particularly Malaya. Injection, extrusion and blow-moulding machines and moulds are all used and some of these are imported, but many of the machines and virtually all of the moulds are made in Hong Kong. Some of the larger factories make their own machines and the medium and small operators buy from local machine assemblers. These machines, though they are styled after European and American designs, are adapted to local labour conditions and are generally not suitable for use in more highly industrialized countries such as Canada. Moreover, the machine manufacturers are not well set up to develop export markets and consequently replacement parts and after-sales service can be difficult to obtain—at least on short notice.

Raw Materials Imported

No plastic raw materials are produced locally, and consequently Hong Kong is a very substantial importer. For example, during the calendar year 1959 Hong Kong imported from all countries more than Can.$18 million worth of plastic materials of all types. Hong Kong is virtually a free port and all plastic raw materials used in moulding and extrusion are free from import duties, irrespective of origin, and there is thus no direct preference for these materials when they are imported from Commonwealth sources. On the other hand, because a great proportion of the industry's output is exported to Commonwealth markets, the subsequent importer can claim preferential rates of duty provided sufficient Commonwealth content can be shown. The industry thus has in fact a considerable advantage when importing raw materials from the U.K., Canada, Australia and other Commonwealth suppliers. In Britain, for example, imports of plastic articles from Hong Kong receive preferential rates of duty if the manufacturers or exporters are able to show sufficient Commonwealth content. For plastic toys, buttons and electrical goods, the required Commonwealth content is 50 per cent and for virtually all other plastic goods 25 per cent. This indirect preference explains to a large extent the high percentage of Commonwealth-produced plastic raw materials that the Hong Kong industry imports.

The accompanying tables give statistics covering imports of all plastic raw materials into Hong Kong from 1957 to May 1960. For those plastics that Canada supplies in considerable amounts, the figures on volume and value are included. It should be pointed out that the statistical breakdowns employed by the Department of Commerce and Industry of the Hong Kong Government changed considerably on January 1, 1959, and although every attempt has been made to amalgamate accurately the old classifications with the new, the figures for 1957-58 may not in all cases be precisely comparable with those for 1959-60.

TABLE I

Hong Kong Imports of Polystyrene and Styrene Copolymers

	1957		1958		1959		1960 5 months	
	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)
CANADA	6,402	11,371	5,517	9,265	5,239	8,327	2,502	3,668
United Kingdom	2,771	4,770	3,230	5,271	3,634	5,494	1,583	2,347
Australia	185	180			423	312	26	21
West Germany	1,384	2,309	301	523	727	1,200	618	851
Italy	2,135	3,885	1,294	2,100	2,405	3,351	960	1,158
United States	454	789	727	1,227	4,190	6,076	4,168	5,425
Others	10	20	220	347	7	14	4	
TOTAL	13,341	23,324	11,289	18,733	16,625	24,774	9,861	13,470

TABLE II

Hong Kong Imports of Polyvinyl Chloride and Vinyl Copolymers

	1957		1958		1959		1960 5 months	
	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)
CANADA	2	5	5	9			4	8
United Kingdom	1,120	1,526	709	941	1,292	1,403	592	669
Taiwan			42	61	82	114	15	21
West Germany	129	174	36	60	65	119	2	5
Italy	119	205	79	129	18	27	13	19
United States	22	41	10	37	1	2	4	9
Japan	199	363	485	702	724	847	539	531
France	224	422	42	75	59	94	11	18
Others	78	121	22	44			1	1
TOTAL	1,893	2,857	1,430	2,058	2,241	2,606	1,181	1,281

What Is Imported

Polyethylene injection and moulding compounds—These are now imported in greater volume than any other single plastic raw material. They are widely used in the manufacture of film, bags, tubes, flowers, toys, cups and beakers, and bottle stoppers. Canada supplies about 10 per cent of Hong Kong's requirements of polyethylene and is the third largest supplier after the United States and the United Kingdom, who hold about 45 and 40 per cent of the market respectively. In 1959, imports of polyethylene totalled some 9,670 long tons and it is expected that purchases will continue to expand. Canada's present share in this business is worth over Can.$1.5 million a year. Polyethylene film, tubes, sheets and scraps are also imported; the United Kingdom is the largest supplier, followed closely by Australia and the United States.

Polystyrene compounds—These come second in importance, with 1959 imports of over 7,400 long tons valued at Can.$4.1 million. The material is used extensively in the moulding of a wide range of plastic products, including toys, chopsticks, kitchen and household wares, buttons, combs, toothbrushes and hairbrushes, etc. Up to the end of 1959 Canada was the largest supplier, but during the first five months of 1960, exports from the United States somewhat exceeded Canada's. Hong Kong, purchasing some Can.$1½ million a year worth of Canadian polystyrene, is our third largest customer for this material, after West Germany and the Netherlands.

As the figures reveal, the U.S. share of this market has expanded greatly since 1957 but Canada's has decreased year by year. This can be partially explained by the fact that Hong Kong exports to countries offering preferential tariffs have not grown at the same rate as exports to those countries without Commonwealth preference. Thus the Commonwealth Preference Certificate is no longer worth as much as it was in the earlier days of the industry. It is interesting to note that over the past ten years, plastic raw materials carrying a preference certificate have assumed a set price differential above non-Commonwealth material. At this time, it is doubtful whether the actual value of the certificate is equal to this inflexible differential. The result is that, if Canadian manufacturers were to reduce prices, competitive suppliers would probably do the same in order to maintain the differential and thus Canadian materials would be no more attractively priced.

TABLE III

A—Hong Kong Imports of Polyethylene Moulding Compounds

	1957		1958		1959		1960 5 months	
	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)
CANADA	83	162	560	1,075	1,353	2,644	2,378	4,224
United Kingdom	3,299	7,456	3,251	6,470	13,358	25,665	8,376	16,277
Australia	1	2	233	298	464	732	273	432
United States	1,780	4,283	4,713	9,234	11,484	21,873	10,052	18,046
Japan	160	1,122	980	3,359	75	116	121	177
West Germany	400	609	477	768	314	730	308	490
Italy	5	49	110	221	165	328	132	260
Netherlands	367	485	803	1,021	28	55	123	200
Others	60	97	4	10	1	12	1	1
TOTAL	6,155	14,265	11,131	22,456	27,242	52,145	21,764	40,107

Before 1959, polyethylene imports were included in an n.o.p. category so that figures for 1957/58 cannot be taken as exact.

B—Hong Kong Imports of Polyethylene Film, Tubes, Sheets and Scrap

	1959		1960 5 months	
	LB. ('000)	HK.$ ('000)	LB. ('000)	HK.$ ('000)
CANADA			43	47
United Kingdom	1,154	1,065	499	519
Australia	393	453	476	663
West Germany	314	248	101	73
United States	296	257	437	471
South Africa	120	121	50	47
Netherlands	122	110	100	90
Others	64	60	13	15
TOTAL	2,463	2,314	1,719	1,925

Previous years' figures included as imports of polyethylene moulding compounds, Table III-A.

TABLE IV

Hong Kong Imports of Phenol, Cresol, Urea and Melamine Formaldehyde Moulding Compounds

	1957	1958	1959	1960 5 months
	(thousands of pounds)			
United Kingdom	1,555	1,156	1,788	619
West Germany	279	467	150	65
Netherlands	118	114	114	136
United States	204	93	34	20
Japan	5	125	52	17
Others	118	88	90	182
TOTAL	2,279	2,043	2,228	1,039

TABLE V

Hong Kong Imports of Acrylic Resins, Sheets, Rods and Tubes

	1957	1958	1959	1960 5 months
	(thousands of pounds)			
United Kingdom	306	213	204	52
United States	231	329	112	32
Denmark	64	137	145	64
West Germany	79	67	105	46
Japan	4	35	27	4
Netherlands	5		22	4
Others	12	46	32	6
TOTAL	701	827	647	208

Polyvinyl chloride resin—This is being compounded in Hong Kong. Consumption of Japanese material has increased considerably during the past four years but the use of United Kingdom products has declined. At the moment, these two countries enjoy equal sales to Hong Kong but it is to be expected that Japan's keen prices and quick deliveries will enable her to gain an increasing share of this market, at the expense of other suppliers. Canada's present exports of this material to Hong Kong are negligible and are not expected to rise. Polyvinyl chloride finds ready use in the manufacture of belting, footwear, toys, rattanware coating and electrical wire insulations. In addition to the P.V.C. resin, Hong Kong imports substantial amounts of sheeting and film. The sheeting is used for footwear, travelling bags, upholstery, tablecloths, wallets and pocketbooks; the main use for the film is in rainwear and shower curtains. Japan holds the majority of this business.

Thermosetting resins—These include phenol, cresol, urea and melamine formaldehyde moulding compounds. They find wide application in Hong Kong for the manufacture of electric-light fittings, cases for vacuum flasks and jugs, bottles and bottle caps, and many other small articles that can be adapted to compression moulding. Imports of all resins in this group approximate 1,000 long tons per year, a trade in which Canada does not participate. Phenol formaldehyde moulding compound of low quality is made in Hong Kong in small amounts but total demand is not large enough to warrant high-quality manufacture. Cast phenolic resin produced from phenol and formaldehyde is turned out by several factories; the consumption of phenol for these purposes totals about 10 tons a month. The United Kingdom supplies some 80 per cent of the requirements of phenol formaldehyde compounds, with smaller quantities coming from West Germany and the Netherlands. The consumption of urea formaldehyde resins, supplied largely by Britain and used for adhesives, is very limited because there are practically no plywood manufacturing facilities in the Colony.

Acrylic resin—These imports are largely in sheet form and are used primarily to make mahjong tiles and umbrella handles. The principal sources of this material are the United Kingdom and the United States, but West Germany and Denmark are rapidly increasing their sales to this market.

Cellulose film—Thirty per cent of this is supplied by the United Kingdom and 30 per cent by Japan, with the remainder coming from Italy, France and the United States. Canada enters this trade to a very imited extent; she supplied some 7,000 pounds of total 1959 imports of 3½ million pounds.

Plastic moulding materials, n.o.p., and plastic film, tube, sheet and scrap n.o.p.—These imports originate principally in Japan, the United Kingdom, the Netherlands and West Germany.

With the exception of polyvinyl chloride sheeting, cellulose acetate and cellulose nitrate films, imports of plastic in finished forms are negligible and the probability is that his situation will not change to any great extent. The rapid and coninual expansion of the local indusry is attributed to several factors, ncluding the ready supply of suitable and comparatively cheap abour; the Colony's central location or the supply of raw materials from both European and North American ountries; the advantages of Commonwealth Preference tariffs in nished goods markets, and the roximity to Southeast Asian marets that are taking increasing quanities of plastic goods made in Hong Kong.

There are excellent prospects for continued expansion of the Hong Kong industry in the production of roducts with a high labour content. This will, of course, bring a parallel icrease in the volume of imports f plastic raw materials. ●

Switzerland Imports Wood

SWITZERLAND's productive forest areas, which cover 2.4 million acres, are a good example of how the country's natural resources are conserved and used. The annual cut of 2.5 million cubic meters from the public forests (about 70 per cent of the total forest area) is controlled by federal law. Of this annual production, 78 per cent is from coniferous trees and 22 per cent from deciduous trees. Approximately 40 per cent is used for firewood and the other 60 per cent for other purposes.

Imports meet a large part of Switzerland's total wood requirements. These imports fall into three main categories: firewood, pulpwood, and timber and lumber.

France supplies almost two-thirds of the firewood imported; the other third comes mainly from Austria and West Germany. Finland provides 53 per cent of the imported pulpwood, followed by West Germany (28 per cent), Austria (13 per cent), France (4 per cent), and other countries (2 per cent). A Swiss purchasing co-operative, whose members represent 10 of the 14 pulp mills, handles 85 per cent of the imported pulpwood.

The predominant sources of supply for lumber and timber are the countries bordering on Switzerland; 56 per cent of the deciduous woods come from France and 17 per cent from other European countries. Africa and Asia supply 27 per cent and Canada only a fraction of 1 per cent. Coniferous woods are imported from Austria (36 per cent), West Germany (24 per cent), France (23 per cent), and the rest of Europe (almost 17 per cent); Canada is a minor supplier of softwood planks. France provides 97 per cent of the wooden railway ties needed.

Most types of wood and lumber require import licences, but these are usually granted freely. In addition, deciduous wood imported from Canada and several other countries is examined for "botryche noir", a species of wood beetle. A nominal charge is made for this service and for the certificate stating that the wood is free of this pest. There is also a sales tax of 5.4 per cent (which applies to both domestic and imported wood), collected at the time of import.

Canada exports little wood and lumber to Switzerland. One obvious reason is the high cost of transportation which makes Canadian wood relatively non-competitive with European wood. In addition, most Swiss importers buy wood of the N-list grade, whereas Canadian exporters have been offering only R-list grade. Swiss importers always demand very high quality graded lumber.

In this market there is little demand from importers for creosoted wood, including railway ties; semi-finished wood parts, such as furniture dimension, handle blanks, etc.; spools and bobbins; and pine pattern stock. There is an interest in certain grades and species of softwood lumber and in prime quality hardwood veneer logs.

Any Canadian exporter who is able to make competitive offers for woods of interest to Swiss importers or other woods that may be of interest should forward c.i.f. European port prices to the Commercial Counsellor, Canadian Embassy, Berne, who will bring offers to the attention of interested Swiss importers.

JOHN H. NELSON,
Assistant Commercial Secretary, Berne.

Taiwan Makes Progress

Taiwan boosts exports of processed and semi-processed materials as industries expand. Demand for imported raw materials, machinery and metals is expected to grow.

R. H. GAYNER, *Assistant Trade Commissioner, Manila.*

TAIWAN'S exporters of sugar and rice had a difficult time of it last year. A sharp dip in world prices of sugar (Taiwan's biggest export) and a reduction in the export quota by the International Sugar Conference cut 1959 sugar shipments to U.S. $65.9 million, a 22.2 per cent drop from 1958. Total exports were valued at U.S.$160.6 million. There was also a serious slump in Taiwan's second most significant export, rice; sales abroad in 1959 totalled only U.S.$23.5 million, 17.9 per cent below 1958. The two main causes were a disastrous flood in the middle of the west-coast plains in August and reduced exports to Japan.

Industries Are Growing

However, despite these setbacks Taiwan's total exports dropped by only 2.4 per cent from 1958, thanks to rising sales of processed and semi-processed products. Stimulated by the Government's efforts to develop industry, Taiwan's textile manufacturers boosted exports by 482 per cent in 1959 over 1958; pulp and paper shipments climbed by 226 per cent, vegetables 188 per cent, other agricultural products 119 per cent and timber, plywood and plywood products 67 per cent. There was a general increase of 283 per cent in the export of processed goods (total value, U.S.$21.99 million).

In addition to encouraging industrialization, the Government is also seeking to attract investment. Taiwan has one of the highest population densities in the world and with a population of ten million, its greatest asset is a cheap labour force. But to develop this labour potential the Government has had to look abroad for capital. Early in 1960 a new foreign investment act was passed, liberalizing the terms under which foreign capital could enter the country. In the few months since passage of the law there has been a great deal of interest shown abroad and several projects have been discussed, among them the erection of a steel mill and of pharmaceutical and fertilizer plants.

Monetary Stability

Since the Chinese Nationalist Government took refuge in Taiwan in 1949, the chief concern of the monetary authorities has been to prevent a runaway inflation, such as occurred on the mainland during and after the war. The lack of credit facilities, the extreme severity of credit restrictions, and the general feeling of political insecurity combined to work against any significant development in the island's economy. However, in the last two or three years there has been an important change. The monetary authorities now feel that their problems are under control and that they are prepared for the inflationary tendencies generated through relaxation of credit restrictions and reduction of interest rates.

In 1959 a composite exchange rate of New Taiwan $36.08 to U.S. $1.00 was adopted to replace the former confusing and restrictive multiple exchange rate system. The new system provides that an exporter who earns foreign exchange receives a certificate which carries the right to use foreign exchange for imports. The exporter can either use this certificate or sell it on the open market. The certificate has an intrinsic value equal to the amount of the foreign exchange earned. If the exporter wishes, he can sell the

EXPORTS FROM TAIWAN

	1958	1959
	('000 U.S. dollars)	
Sugar	84,689	65,929
Rice	28,621	23,506
Textile products	2,083	12,127
Canned pineapple	7,454	8,349
Tea	6,245	7,071
Bananas	6,245	6,599
Timber and products	3,273	5,468
Other agricultural products	2,306	5,072
Ores, metals and products	2,221	3,887
Citronella oil	3,546	3,244
Chemicals	1,671	3,019
Pulp and paper	843	2,748
Others	14,712	13,621
Total	163,909	160,640

Source: *Taiwan Commercial Bulletin*, February 29, March 2, 1960.

IMPORTS INTO TAIWAN

	1958	1959
	('000 U.S. dollars)	
Chemical fertilizers	19,472	22,220
Machinery and tools	14,800	21,634
Ores, metals and products	18,341	21,401
Vessels, vehicles and parts	7,385	14,073
Crude petroleum and fuel oil	15,607	13,266
Chemicals	6,321	4,932
Raw cotton	823	4,808
Electrical appliances	3,291	4,504
Pharmaceuticals	7,309	4,475
Oils and waxes	2,661	3,880
Rubber and manufactures	3,662	3,619
Silk and manufactures	1,026	2,810
Timber	1,639	2,699
Wool and manufactures	1,363	2,645
Paints and dyes	2,239	2,640
Paper and pulp	2,909	2,328
Scientific instruments	1,848	2,297
Plastics and products	1,460	1,397
Leather and hide	1,178	1,040
Others	14,318	13,698
Total	127,652	150,366

Source: *Taiwan Commercial Bulletin*, Feb-
uary 29, March 2, 1960.

oreign exchange certificate to the ank of Taiwan at a rate of NT 36.08 for U.S.$1.00. If he sells it n the open market he will obtain bout NT$40.00 to U.S.$1.00.

CANADA'S EXPORTS TO TAIWAN

	1958	1959	1960 (6 months)
		(Canadian dollars)	
Wood pulp	313,272	817,409	457,401
Aluminum	57	53,069	
Brass	8,716	87,003	27,987
Copper	23,670	11,986	13,202
Zinc	150,966	25,901	60,183
Asbestos	34,464	97,771	29,020
Plastics	83,826	125,567	16,144
Others	552,069	487,212	638,792
Total	1,167,040	1,705,918	1,242,729

CANADA'S IMPORTS FROM TAIWAN

	1958	1959	1960 (3 months)
		(Canadian dollars)	
Plywood, hardwood		497,512	93,312
Mahogany	937	42,913	7,793
Hoods and shapes, knitted	48,504	25,651	16,204
Others	110,025	149,836	45,346
Total	159,466	715,912	162,655

Source: Dominion Bureau of Statistics.

Restrictions on importers have also been relaxed. Those who export processed products are allowed to bring in raw materials or machinery and equipment amounting to the full value of their exports instead of having to surrender a portion of their foreign exchange earnings to the Bank of Taiwan. Foreign currency loans have been extended for the financing of imported raw materials, and working capital in local currency has been provided to importers.

Imports Increase

Taiwan's imports totalled U.S. $244.3 million last year compared with U.S.$232.7 million in 1958; the figures include United States non-military aid. Most of the increase was accounted for by bigger imports of capital goods and raw materials for processing and re-export.

United States aid to Taiwan was significantly reduced in 1959. The value of commodity imports financed by U.S. aid totalled U.S.$73 million in 1959 compared with U.S. $82 million in 1958. By far the largest proportion of this was in the form of surplus agricultural products (beans, wheat and cotton).

Canadian Trade Expands

Canadian trade with Taiwan continues to be small. In 1959 we exported to Taiwan goods valued at Can.$1.7 million and bought Can. $715,912 worth in return. Details of this trade are given in the table.

In the spring of this year a goodwill trade mission organized by the Vancouver Board of Trade visited Taiwan. Reports from Taipei indicate that the mission was impressed by the determination of the Chinese to improve their status and by the progress that has been made so far.

In the past few years Taiwan has been in the market for ores, wood pulp, machinery and equipment, and technical knowledge. The reduction of U.S. aid, plus the growing interest in Taiwan as a potential field for investment, (particularly in the appliance, textile and food industries) indicates that there will be an increasing demand for raw materials, machinery and metals. ●

AGRICULTURE

New Zealand Seeks New Outlets

New Zealand takes stock of the vulnerability in world markets of its four major exports—meat, butter, cheese and wool—and makes plans for a more secure future.

W. J. COLLETT, *Assistant Commercial Secretary, Wellington.*

NEW ZEALAND today is fully aware of its dependence in the next decade on earnings from agricultural exports to pay for imported goods to meet the needs of its economy. As the Minister of Economy put it in his 1960 *Economic Survey* " . . . every effort must be made to enlarge and diversify markets for our export products and to persuade other countries to moderate their policies of agricultural protectionism".

With increasing world population and improved standards of living, New Zealand expects an expanding market for its primary agricultural exports. But the fact that it has become a specialized supplier of food products deliberately adapted to the eating habits of the British is a handicap to rapid future expansion and diversification of trade. The United Kingdom absorbs 95 per cent of New Zealand's exports of butter, 91 per cent of the cheese, and 95 per cent of the mutton and lamb. About 36 per cent of New Zealand's wool is shipped to Britain for disposal there and in Europe.

Diversification Needed

The seriousness of the country's dependence on exports is illustrated by the relationship between production and export of principal farm products: 80 per cent of the butter produced is exported, 92 per cent of the cheese, 95 per cent of the lamb, and 97 per cent of the wool. Of these, wool is fortunately a raw material and fears about wool prospects within the European Common Market are minimal. The deepest concern is for meat and dairy products.

Diversification of trade implies more than simply entering new markets with the same products: it also involves adapting the products to the peculiarities of these markets. The Prime Minister emphasized this earlier this year in his address to the Industrial Development Conference: "It has been said . . . that most of our agricultural research stops at the farm gate. As we have become leaders in this kind of research, it is surprising that others are ahead of us in the processing and marketing of primary produce (apart from one aspect, and that is our system of co-operative dairy processing) . . . All the trends of the present show that [our] relatively slow advance in the processing and marketing of farm produce will set us behind the rest of the world, particularly when we try to break into new markets."

Exports Are Rising

Exports of farm produce in the year ended in March climbed by 35 per cent over 1950; cheese was the only major export that had sales lower than ten years ago.

In 1954, the U.K.'s 15 years of bulk purchase of dairy produce and meat ended. Now, with free marketing, prices of these products have fluctuated considerably with changes in supply and demand and New Zealand exporters feel that they must seek new markets. The United States and members of the EEC are increasingly important customers. In 1959, 15 per cent of New Zealand's exports (mainly wool and beef) were sold in the United States, earning £43 million; 14 per cent, mainly wool, went to the EEC countries.

Meat Earnings Decline

Meat production, mainly of lamb and mutton, increased in 1959-60. Exports, however, totalled only £72 million for the year ended March 1960, compared with £82 million in 1958-59, even though this year's output was 58,000 tons larger. The decline in export earnings is the result of lower prices in Britain because of increased supplies from New Zealand, a rise in domestic killings in the U.K. brought on by the dry season, and offerings of poultry and pork at strongly competitive prices.

As a result of low prices, buying prices in New Zealand for lamb and mutton fell below floor levels fixed at the beginning of the season. Deficiency payments of £900,000 were made to farmers on mutton and for the first time on lamb from the Meat Industry Reserve Account. Prime lamb prices have now recovered, thanks largely to a drop in Australian shipments and reduced domestic production in Britain.

Some ewe mutton is going to the United States and Japan for manufacture, but most of it is shipped to South America and the Mediterranean area. An encouraging sign to New Zealand frozen-beef exporters has been U.S. purchases of 81 per cent of their beef and veal shipments last season.

Meat exporters realize, however, that they must seek new markets and reduce dependence on Britain and the United States. The New Zealand Meat Producers' Board, therefore, acting jointly with the New Zealand-owned Freezing Works Association, formed the New Zealand Meat Export Development Company in June 1960. The objective of the new company is to encourage, in co-operation with the trade and the Meat Board, orderly development of the meat export trade to sporadic and underdeveloped markets.

Butter and Cheese Records

Butter consumption is rising and cheese holds steady following a weakened British market in the first quarter of 1960. Exports of 160,000 tons of butter earned a record £63 million for New Zealand during the year ended March 1960. A total of 89,000 tons of cheese, exported mainly to Britain, earned £21 million, another record increase despite unsteady prices.

Butterfat production, however, is expected to decline to 544 million pounds in the year ended in March because of dry weather in some areas earlier in the season. This represents about a 2 per cent drop below the previous year. Prices for the 1960-61 season correspond with guaranteed prices of the year before and incentives are retained for diverting more butterfat to cheese manufacture.

At the 29th Dominion Dairy Conference in Wellington last June, the Government and the Board reached agreement on the basic butterfat prices, amalgamation of the Dairy Board and Dairy Commission from the beginning of the 1961-62 season (legislation will be necessary), retention of the dairy products price-fixing authority, and financial arrangements with the Reserve Bank on the dairy industry's trading account. No agreement has been reached on the price for butter sold on the local market.

Amalgamation of the two dairy organizations by next season is intended to promote greater efficiency and the solution of the industry's internal and external problems. The trading account of the dairy industry will continue with the Reserve Bank but a higher interest rate will be charged on money for capital purposes. Up to 50 per cent of any surplus will be distributed to dairy factories as in the past. Another provision, yet to be ratified, is that when the dairy industry account is in substantial deficit, the normal annual payout to factories of 50 per cent of any trading surplus will be reduced to meet that deficit, but a minimum payout of 25 per cent will be allowed.

This isn't a cattle drive in Western Canada but in New Zealand. Many of the cattle being rounded up as they ford the Arawata River will help to increase shipments of frozen beef to a number of foreign markets, today including the United States.

Wool Sales Improve

Sheep flocks increased in 1959-60 a little less than 2 per cent over last year to 46.9 million, and wool production is estimated at 565 million pounds, compared with 540 million in the previous year.

The improved range of prices for New Zealand wool boosted exports to £107 million for the year ended March 1960, £30 million more than the previous season. The higher prices enabled the Wool Commission to dispose profitably of large stocks purchased in the 1958-59 season under its floor-price scheme.

In summary, New Zealand's internal economy and fiscal policy are largely influenced by the success of profitable disposal of four primary products—meat, butter, cheese, and wool. It is fortunate that the export market seldom weakens for all four in any one year. But even the most optimistic are concerned about New Zealand's vulnerability and recognize the need for broader foreign markets. ●

Commodity Notes

Aluminum

BRAZIL—Brazil's annual production of aluminum is expected to increase by 20,000 tons in 1963 when a new factory, to be constructed by the Companhia Nacional de Aluminios at Poços de Caldas, begins production. The new company will be formed with 50 per cent Brazilian capital; the Aluminum Company of America (ALCOA) and the Hanna Corporation will contribute to the remainder. Total investment in the project is estimated at U.S.$36 million. Present demand for aluminum in Brazil is some 30,000 tons a year, about half of which is supplied by Brazilian producers. It is expected that with the growth of the Brazilian engineering industry, the demand for aluminum will rise sharply in the near future—Sao Paulo.

Banana Chips

JAMAICA—The first shipment of "Calypso Banana Salties" was flown to the United States in September. The chips, made by Janaco Enterprises Ltd., won a special award at a Washington display held last year by North American potato-chip manufacturers. Banana chips are popular in Jamaica, and are expected to win a share of the multi-million-dollar U.S. potato-chip market—Kingston.

De-inked Newsprint

UNITED STATES—A $4 million plant for conversion of waste newsprint into usable newsprint is being built in Fairfield, New Jersey. The mill, which is expected to be in production in January 1962, will produce 45,000 tons of usable newsprint a year and will have a future potential of 80,000. The process, developed by a newspaper publishing firm in New Jersey, uses about 90 per cent waste paper and 10 per cent chemical fibre. It marks the first solution to the problem of removing ink from the waste product and converting it to newsprint.

The process has already proved a commercial success in experiments in rented paper mills. According to the firm that has developed the invention, the product will be competitive in both price and quality with Canadian newsprint. The plant will have a machine producing 230-inch wide newsprint at a rate of 1,200 feet per minute and is expected to turn out about 150 tons a day. Less than 10 per cent of the output will be used by the New Jersey publishing house. The remainder will be sold to newspapers in New Jersey, New York, Pennsylvania, Maryland and New England—New York.

Fish

UNITED STATES—For the tenth consecutive year, imports of fish products into the United States have set a new record. Fish imports in 1959 totalled $366.5 million, a gain of 12 per cent over 1958 and 85 per cent above 1950. Imports of fish products for food totalled a little over $311 million, and for industry $55.5 million.

The U.S. is still the world's leading importer of fishery products; imports contributed the following share to its over-all supply: groundfish and ocean perch fillets and blocks 67 per cent, frozen tuna 50, shrimp 42, fresh or frozen northern lobster 42, spiny lobster 89, canned crabmeat 71, and fishmeal 28.

In 1959, 108 countries shared in the U.S. market. Canada, Japan and Mexico continued to be the leading suppliers and accounted for 63 per cent of the total value of all fishery imports. Canada was again the leading supplier, principally of fresh or frozen fish and shellfish—Washington.

Glass Bottles

JAMAICA—A £300,000 glass factory known as the West Indies Glass Co. Ltd. will start making bottles next spring. The plant is financed by local bottle-users in conjunction with the Development Finance Corporation, a government body empowered to assist new industry. The decision to build the factory was made after tests proved that local deposits of silica sand are suitable for glassmaking—Kingston.

Iron Ore

SWEDEN—The workable deposits of iron ore in the Central Swedish mining districts are likely to total at least 650 million tons, according to recent estimates. An assessment made in 1950 put the deposits at only

400 million tons. The ore finds correspond to a volume of 255 million tons of iron as against 150 million tons under the 1950 assessment—Stockholm.

Iron and Steel

SWEDEN—The Swedish steel industry has concluded a long-term agreement with the East German company, Deutsche Stahlund Metall-Handels GmbH, for deliveries of high-quality steel. The agreement foresees continuous deliveries until 1965 to a value of $15 million at present prices. However, no prices have been fixed because they will be a matter of discussion from time to time. A similar agreement is said to have been signed between British steel groups and the East German company—Stockholm.

Iron and Steel Scrap

INDIA—Supply of iron and steel scrap in India is expected to reach 531,000 long tons during 1960, of which at least half will be available for export. Heavy medium scrap, borings and turnings are expected to account for 240,000 long tons; skulls, rolls, etc., 25,000 tons; No. 1 pressed bale sheets 21,000; detinned pressed bales 15,000 tons, and No's. 2, 2A and 3 pressed bales 230,000 tons.

In 1959 exports of scrap, almost all to Japan, amounted to 290,000 long tons, up from 108,000 in 1958. Despite the rapid expansion of its iron and steel industry on the one hand and a continuing steel shortage on the other, India continues in the anomalous position of being unable to keep pace with the accumulation of scrap—New Delhi.

Isotopes

SOUTH AFRICA—South Africa recently shipped its first consignment of South African-made isotopes to a firm in the Netherlands. Since then, the Council for Scientific and Industrial Research which owns the cyclotron has received a request for radioisotopes from Britain. The consignment sent to Holland consisted of bismuth 206, a radioisotope that doctors use to find brain tumours. There are several difficulties in exporting these isotopes; one is their short half-life—Cape Town.

Pepper

INDIA—Malabar black pepper prices tumbled during the first week in October to such an extent that the Indian Pepper and Spices Trading Association in Cochin declared an emergency in the trading of pepper futures and closed the market for two days. The Board of the Association fixed floor prices for trading in October and December contracts at Rs.236 and Rs. 206.25 per 50 kilograms. Recent weakness in Indian stock markets and curbs on lending by the Reserve Bank are reportedly among the factors responsible for the price drop. Floating stock in terminal markets and in the jungle, plus the proximity of the next harvest, leave prices susceptible to further adjustments. Timely buying from overseas, especially by the Soviet Union and East European countries, is considered to provide the best prospect of price stabilization—Bombay.

Pulp

SWEDEN—The Swedish Cellulose Company (SCA) has decided to expand its sulphite factory at Obbola to a capacity of 110,000 tons of unbleached pulp a year from the present 40,000 tons. Extension costs are calculated at about $12 million—Stockholm.

Shoes

NORWAY—The Norwegian footwear industry will face serious difficulties if shoe imports continue at the present high rates. During the first four months of 1960, Norway imported 385,000 pairs, compared with 190,000 in the corresponding period of last year and 550,000 in the whole of 1959. The 20 per cent EFTA duty reduction from July 1 has given imports an additional boost. Trade circles foresee imports of about one million pairs this year. The United Kingdom was the largest supplier in 1959 but Italy has now taken the lead. Norway's own industry turned out 4.9 million pairs last year. Total retail sales of footwear rose by about 14 per cent during the first half of this year compared with the same period of 1959—Oslo.

Television Sets

NORWAY—Regular television transmission started in Norway at the end of August this year. The Norwegian State Broadcasting System operates the only TV transmitter in the country, and will offer a minimum of eight hours' regular viewing per week for the first year or two. Over 10,000 television sets were sold in Norway during the first half of 1960, and at the end of June the number of TV licence-holders totalled 16,876.

Norway uses European standards in transmission; before Canadian sets could be used in this country they would therefore have to be adjusted to conform to the following standards: number of lines in a complete picture 625, scanning (cycles per second) 15,625, number of pictures per second 50, band width (Mc/sec.) 7, distance between audio- and picture-carrier waves (Mc/sec.) 5.5—Oslo.

Timber

VENEZUELA—The Government has established the "Laboratorio Forestal de Los Andes", to expand timber production by improved technical methods. It hopes to reduce timber imports, which are currently valued at some 120 million bolivars a year—Caracas.

Jamaica

Market for Electrical Appliances

Sales of electrical appliances in Jamaica will increase as consumer income rises. Removal of restrictions on dollar imports benefits the Canadian exporter but also our biggest competitor—the U.S.

C. G. BULLIS, *Assistant Trade Commissioner, Kingston.*

RISING wages and new housing schemes in Jamaica can mean increased sales and profits for Canadian appliance manufacturers, provided they are willing to meet competition from the United States.

During 1959, Canadian and U.S. exports of electric refrigerators and stoves to Jamaica rose sharply, thanks to the removal of restrictions against dollar imports, though the bulk of sales went to U.S. manufacturers. Jamaican businessmen now report that Canadian prices of refrigerators have remained static during the first six months of this year, while U.S. prices have dropped between $10 and $15 per unit. This has resulted in a further increase in the U.S. share of the market—from 56 per cent in 1959 to 70 per cent during the first six months of 1960. Canadian exports dropped from 14 per cent to 11 per cent during the same period.

Air Freight Advantages

Local importers say that a number of firms are shipping appliances to Jamaica via Miami in carload lots, either by truck or rail, and from there to Kingston by means of delayed air freight at rates as low as 6 cents per pound. Delays on this type of freight normally amount to one week or less, though three weeks is not uncommon during peak periods such as Christmas. Freight for immediate delivery is on a sliding scale: 20 cents per pound for shipments of less than 100 pounds, 15 cents per pound for 100-1,099 pounds, 10 cents for 1,100 pounds up to 3,300 and 8 cents over 3,300. Airlines will act as forwarders provided the necessary documents are supplied. There is no storage charge for goods awaiting shipment under the delayed freight plan provided they are turned over to the airline on arrival in Miami.

Of particular interest to Canadian manufacturers is the provision in the Jamaican customs tariff that goods arriving by air freight are assessed duty on the cost of the item plus one-quarter of the air-freight charges, rather than on the full c.i.f. value. This, plus the low air-freight rates, is a definite stimulus to air cargo and considerable quantities of merchandise are now coming in this way.

Rail, Truck, Other Costs

Excellent rail service connects Canadian centres and Miami. At present heavy appliances can be shipped from Toronto to Miami at $6.63 per 100 pounds for shipments less than 16,000 pounds, $4.05 per 100 pounds for 16,000 pounds minimum, and $3.65 per 100 pounds for 18,000 pounds minimum.

A number of trucking lines have vehicles travelling empty to Florida to pick up loads of fruit and arrangements can be worked out to carry truckload lots, or less, of bulky items such as furniture and appliances on a charter basis. Principal advantages of shipping via Miami are quicker delivery and elimination of costly packaging, which sometimes amounts to between $5 and $10 per unit. The saving is, in many instances, more than enough to offset the slightly higher cost of shipping via truck and air.

The normal mark-up taken by the appliance trade in Jamaica is 40 per cent of the landed cost. Most of the large appliance dealers import direct and distribute to smaller retail outlets at a 15 per cent discount. Because few of the small stores maintain repair facilities, the importer is generally responsible for guaranteeing and servicing.

Jamaica extends to all members of the Commonwealth a preferential tariff advantage which, for appliances mentioned in this article, is 5 per cent, with the exception of gas or kerosene stoves which have a 10 per cent margin.

These Products Sell

Refrigerators—Jamaica's warm climate makes it difficult to keep foodstuffs, even for a short time. Refrigerators are therefore a necessity for all who can afford them and sales have remained high for the past few years.

The standard 9 cubic-foot model in white with shelves on the door for extra capacity is the most popular model and sells for about Can. $267.30. Larger models are also in demand; the 11 cubic-foot type retails for about Can.$321.30 and the 13 cubic-foot for Can.$378.

REFRIGERATOR IMPORTS

	1958	1959	1960 6 mos.
Units	4,384	5,144	3,898
Value		('000 £)	
Total	312	346.7	210.1
Britain	190.2	95.5	28.2
United States	86.5	194.1	150.1
Canada	32.2	48.6	26.6

Because Jamaica has 40-cycle current, distributors of Canadian and U.S. refrigerators use a small step-down transformer to reduce the voltage from 110 to 95; 60-cycle units can therefore operate, though at somewhat reduced efficiency, without overheating.

Freezers—The popularity of domestic freezers is increasing rapidly, though total sales are still relatively small. During 1959, over 300 were imported, mainly from the United States. The 9 cubic-foot chest type which retails for Can. $324 is the most popular. The 13 cubic-foot freezer sells for about Can.$405 and the 20 and 25 cubic-foot models for Can.$675.

Kerosene Stoves—A large portion of the population do all their cooking on two-burner kerosene stoves. These are popular mainly among families living in the new low-cost housing schemes or in two or three room apartments. Stoves enjoying the biggest sales are the two-burner table-top model which sells for Can.$8.10 and the large floor model which sells for Can. $13.50.

Electric Ranges—The relatively high cost of electricity in Jamaica (3 cents per kilowatt) has tended to restrict the sale of electric stoves in comparison with gas units. Imports are shown in the following table.

ELECTRIC RANGE IMPORTS

	U.S.	U.K.	Can.
		('000 £)	
1958	11.3	9.5	1.9
1959	17.0	8.4	6.3
1960 (6 mos.)	15.9	.6	1.2

Biggest sellers are the 20-inch model at Can.$189, the 24-inch model at Can.$216, and the 30-inch at Can.$270; the 24-inch size is the most popular. Standard four-plate units with baking and grilling elements are preferred. Glass windows and automatic timers are additional selling features, but only a small price differential can be charged.

Privately built homes are normally wired to take 220-volt current and can accommodate North American-type stoves which draw 9 kilowatts. Lower priced housing units on the other hand have only light wiring and government inspectors limit appliances that can be used in such houses to those drawing a maximum of 7¼ kilowatts.

Gas Ranges—Gas and electric ranges are now standard equipment in the medium and high cost homes being built in Jamaica. The potential market is growing rapidly and should continue to do so as incomes rise. Local importers report that gas stoves outsell electric ones by about five to one because propane gas is cheaper than electricity.

GAS RANGE IMPORTS

	U.S.	U.K.	Can.
		('000 £)	
1958	40.5	90.8	10.6
1959	97.3	78.0	6.9
1960 (6 mos.)	72.6	44.8	1.3

The standard 20-inch four-burner unit at about Can.$162 sells best, followed by the 24-inch stove retailing at Can.$182 and the 30-inch at Can.$216. Full-sized ovens with grills are preferred.

Washing Machines—Until recently most washing was done by hand. But this is slowly changing, and buyers now rank washers fourth on the list after refrigerators, stoves and water heaters.

The regular wringer-type washer sells best, and retails for Can. $210.60. A number of overseas suppliers provide 40-cycle motors, though 60-cycle ones will operate if the voltage is reduced. Because Jamaican statistics group washers with floor polishers, vacuum cleaners and other portable or semi-portable electrical appliances, it is impossible to tell what percentage of the 1958 imports (valued at £125,000) was washers. Chief suppliers are Britain, the United States and Germany; Canada is in seventh position. According to Canadian export statistics, 50 washers were shipped to Jamaica from Canada during 1959 and 21 in the first three months of 1960.

A number of fully automatic machines were imported during 1959, but they have a limited market. Of the automatics, the agitator and spin-dry type, retailing for about Can.$364.50, is the most popular, though there is usually some trouble converting the motors to work on Jamaica's 40-cycle current. Step-down transformers are unsatisfactory because the speed of the spinning action is reduced and clothes are not thoroughly dried.

Air Conditioners—Air conditioning is still in its infancy in Jamaica, but should gain swift acceptance during the next few years. Members of the trade feel that the market has just been scratched and that much larger sales can be expected when Jamaicans begin to use air conditioning in their homes. Most air-conditioning units being brought in at present are of the window type and are used mainly in office and hotel rooms. Local importers estimate that over 600 units were brought into Jamaica during 1959, chiefly from the United States.

The 1-ton model at Can.$324, the 1½-ton model at Can.$405, and the 2-ton model at Can.$459 are the most popular.

Water Heaters—Although hot water heaters are scarce in the older houses, they are high on the priority list of most new home owners. Glass-lined electric heaters of 15-gallon capacity retailing for about Can.$94.50 are the biggest sellers of the storage type, with the 30-gallon unit at Can.$121.50 the next best. Water heaters, like stoves, use more electricity and must operate on 220 volts. Most tanks are equipped with two heating elements, a 1,000-watt unit at the bottom and an 800-watt unit at the top.

The geyser-type gas water heater which outsells the electric storage-type unit by about five to one is available in two sizes. The smaller one sells for Can.$48.60 and supplies one gallon of water per minute with a temperature rise of 40 degrees. The larger unit retails at Can. $105.30 and supplies 3½ gallons per minute with a similar temperature rise.

In introducing a new brand into the market, local distributors face competition from established products and advertising is frequently necessary. Canadian suppliers can provide advertising materials, brochures, etc., or work out a co-operative advertising program to help ease the local representative's job of establishing the product.

The Jamaican market for domestic appliances should continue to expand during the next few years as consumer income rises. Competition will undoubtedly increase, however, and Canadian firms interested in capitalizing on the opportunities should establish personal contact with local distributors, and work closely with them in order to benefit from their experience in this market. ●

Australia

The Market for Electronic and Communication Equipment

Canadian companies active in this specialized field will want to study this review of the Australian industry that makes clear where opportunities for imported equipment lie.

L. D. BURKE, *Assistant Commercial Secretary, Sydney.*

AUSTRALIA imports, exports and manufactures electronic and communication equipment and also most of the components required to manufacture and assemble such equipment. When the market is sufficiently large to support domestic manufacture, the local industry can meet all Australian demand, as it does for products specially designed and developed to fill a particular Australian need for communication or electronic equipment. In fact, sometimes it can compete in export markets. Imports into this country normally consist of a wide range of specialized electronic and communication equipment, but also include standard items of foreign manufacture that are particularly competitive because of price or quality. The following paragraphs give a description of the industry in terms of the types of products manufactured in this country, exported and imported.

Electronic Equipment

Mass-Produced Equipment and Components—Mass-produced electronic equipment, such as radio receivers and television sets, is made locally in sufficient quantities to meet domestic requirements. There are, for example, 20 local manufacturers of television sets. Notwithstanding this, Australia imports appreciable quantities of cheaper portable transistor radios and (to supplement domestic production of radios) expensive short-wave receivers, the market for which is limited.

Standard components required for the mass-produced items—such as resistors, capacitors and valves—are also available from Australian suppliers. This does not, however, rule out sales opportunities for specialized parts and for foreign products that are particularly competitive. Low-leakage condensors used in electronic measuring equipment are imported, for example; so are photo-multipliers and German-made resistors which find a ready market because of their price and performance. At the same time, Australia exports to various markets resistors, television and radio and starting-motor condensors, tuners and automatic timers. The principal market is New Zealand.

Electronic Laboratory Equipment—Some types of electronic laboratory equipment, such as oscillators, oscilloscopes, and measuring bridges, are manufactured locally. However, the bulk of requirements, particularly where exacting standards must be met, are still purchased abroad. Imports include specialized signal generators, large chart recorders, capacitance and resistance boxes used to measure the capacity of circuits, standard cells and, in the field of control equipment, key and study switches. The user market is technically well advanced but apparently is not large enough to support local manufacture of all domestic needs. Principal customers are the Atomic Energy Commission, the universities, and research laboratories in the large units of industry.

Automation Electronic Control Equipment—A new market is opening up in Australia for general automation electronic control equipment as local firms continue to introduce automation. Suppliers from the United Kingdom and the United States have been particularly aggressive in this field and although business admittedly is still modest, it has grown rapidly in the past few years and offers increased opportunities. Industries that have already switched over to more automation include manufacturers of building materials and automotive parts, and newspaper publishers. The steel industry in Australia has one operation using a closed television circuit to handle quality and production control. Best prospects for sales of automation electronic equipment would probably be the paint, sheet metal and soap manufacturers. Increasing labour costs have encouraged the trend towards mechanized production.

Nuclear Industrial and Research Equipment—Australia imports an appreciable volume of nuclear equipment for industrial and research purposes. Specific items for industry include thickness gauges and eccentricity testers from Britain and Germany and, for the more expensive types, from the United States. Laboratory items include scalers and counters used to measure radiation. Present customers are the hospitals, industry and the Australian Atomic Energy Commission. Within two or three years, industry will probably be the largest customer in this country for nuclear equipment for both research and production.

Medical Electronic Equipment—The market in Australia for medical electronic equipment used for surgical, pathological, electro-medical and X-ray purposes is partially supplied by domestic manufacturers. For example, medical X-ray equipment is produced here and also electronic devices for incorporation into such equipment—electronic timers, relays, etc. In the diagnostic field, there are Australian manufacturers of cardiographs and these instruments satisfy the medical field adequately within specified spheres. Cardiographs of a specialized nature are also purchased from abroad. In the treatment field, products such as ultrasonic and microwave therapy equipment and electro-surgical units are imported to supplement local manufacture.

Specialized Electronic Equipment—There may also be a small market here for geiger counters not made locally in commercial quantities, and for radar equipment. The market for the latter is limited to civil aviation companies and the armed forces. There is a rapidly expanding market for computers, particularly those used in accountancy and in the processing of scientific data.

Communication Equipment

In communication equipment, Australia is well advanced technically. Communication transmitters and receivers, mobile radio equipment, microwave lengths and instrument-landing equipment are among the lines manufactured. Exports form an important part of the industry's business. The major markets have been New Zealand and the neighbouring Asian countries, but sales of highly specialized products such as equipment used to guide aircraft as they approach and land at airports have been made to the United Kingdom. Complete radio broadcasting systems have been supplied to New Zealand and South Africa; vehicle-to-vehicle communication equipment to Singapore and Malaya, and substantial amounts of radio communication equipment to India and Pakistan.

Telecommunication Equipment—Practically all telecommunication equipment in Australia is imported, principally from the United Kingdom. In this field, opportunities appear most promising for picture transmitters used by newspapers and for overseas telecommunications, weather-chart transmitters and the radio transmitters used to link up these machines as a system, vacuum-tube communication systems for buildings, and message-receiving machinery, including teleprinters. Apparently there is also a potential market for direct writing equipment if a satisfactory unit can be offered.

Specialized Communication Equipment—In specialized communication equipment, there are possibilities for selling relay television equipment (the trade calls it gap-filling equipment), closed circuit television systems applied in commerce, industry, education and hospitals, and staff location equipment.

How to Approach Market

This brief outline of the electronic and communication equipment industry in Australia, it is hoped, will highlight for Canadian exporters the general lines in which sales opportunities appear most promising. Canadian firms who wish to determine whether specific items can compete in Australia should provide this office with the following information on the products they have for export:

- Catalogues
- List prices and discounts
- Full technical description of equipment, including a list of typical users or applications
- Details of the components used, thus permitting customers to determine the possibility of obtaining replacement parts locally
- A complete list of installation and service instructions—often as important as catalogues in effecting sales. ●

Tying by hand millions of knots, skilled Persian women weave a rug, following a pattern sketched by the designer. One square metre may contain a million knots.

Iran Exports Carpets

An ancient industry based on skill, patience and few raw materials helps Iran's export position; wins markets throughout the world.

A. B. BRODIE, *Commercial Counsellor, Tehran.*

IRAN is sometimes better known for her handmade carpets than for her delicious caviar and abundance of oil. This is understandable, because carpetmaking is an old and highly developed industry that today provides some 17 per cent of Iran's annual exports (excluding oil). This industry is not without problems, however, as it is vulnerable to the whims, tastes and prosperity of foreign buyers.

During 1959 over $17 million worth of carpets were exported to more than 50 countries; the principal markets were Germany, United States, United Kingdom, Switzerland, and France. The relative demand from each of these countries was:

Germany	— 34	per cent
United States	— 15	" "
United Kingdom	— 11	" "
Switzerland	— 10	" "
France	— 4.5	" "

The Industry Itself

Carpetmaking in Iran is a family business in which all members of the household—old and young—play a part. It is estimated that some 150,000 persons are actively engaged in the industry, although a more realistic figure (including the nomadic workers) would be 200,000. There is only one carpetweaving company in Iran and it has workshops and branches throughout the country.

Weaving is centered in Kerman (southeastern Iran), Tabriz (Northwest), Kashan, Qum, Isfahan, Naeen, Mahalat, and Yazd (central Iran), Shiraz (south), Arak Tafrash and Hamadan (western Iran), Meshed (northeast) and the tribal communities such as Baluch (southeast), Qashqaee (south), Turkemans (north) and Afshars. The quality of the carpets from these various parts of Iran is well known to the many buyers who come here every year to replenish their stock.

Weaving

Carpet-weaving methods in Iran have not changed over the centuries. Tracing a pattern sketched by the designer on a cotton base, the weaver hand-ties the wool pile. In each square metre of a finely woven carpet, there are almost one million knots, each tied separately with wool of exactly the same colour as the drawing or pattern. It takes skilled workers from two months to two years—sometimes longer—to complete a carpet, although much depends on the size and quality of the finished product.

From a very young age, children can be seen crouching on the platforms supporting the woofs and the warps to which they must tie their little knots. As they grow older, their speed and alertness improves to the point where it is difficult for the layman to follow the darting skilled fingers that tie the intricate knots. The completed carpet is passed to the shearer, whose job it is to give a uniform thickness to the wool pile. The carpet is then washed with water or chemicals, according to the wishes of the buyer.

Designs and Colours

Although new markets have demanded new designs and colours, traditional designs like Abbassi, Eslimi and Shah Shafi are still popular. Carpet designs vary according to locality and after a few weeks in Iran even the layman can quickly spot the attractive design and blue colour of a Kerman carpet or the rather heavy wine-coloured background of rugs from Hamadan. Lately, foreign buyers have shown unusual interest in the more unconventional and less well known patterns of the "tribal" carpets.

Iranian carpets have a unique reputation in export markets for their quality and for the fastness of their dyes. The Moslem rug-weavers use age-old colouring agents like indigo, madder, shells, almonds, pistachios, walnuts and pomegranates, and guard their recipes as closely as their formulas for non-alcoholic drinks.

Though Iranian carpets have various designs, colours and sizes, they can all be classified according to quality in the following manner.

- *Choice carpets*—these are considered to have fabulous artistic value and their prices cannot be determined by the usual methods.

- *First-class carpets*—these include the carpets of Naeen, Kashan, Kerman and some from Tabriz. Each square metre of these carpets sells at $40 to $80.

- *Second-class carpets*—these are the most widely used carpets; their prices are subject to market fluctuations. Current f.o.b. prices per square metre are approximately:

Kerman	$27	—	$54
Kashan	24	—	67
Isfahan	25	—	67
Qum	32	—	44
Shiraz	20	—	23
Hamadan	20	—	27
Tabriz	15	—	40
Meshed	17	—	24

- *Third class carpets*—these are the cheapest and the most inferior types, sold by the piece and seldom exported.

The value of a carpet varies with tastes of the particular export market. However, fundamental points in appraising a carpet include the quality of the material used, the pattern, the fineness of the weave, the colour and the type of aniline used.

Payments vary from irrevocable letter of credit at the time the shipment goes forward to six months after its arrival at destination. Carpets are also shipped to preferred customers on consignment.

Sales of Iranian carpets to Canada are somewhat higher than official statistics indicate, because some enter through other countries. At best, however, total Canadian purchases do not exceed $200,000 a year. Since more interest is being shown by well-known Canadian buyers, Iranian exporters are confident that sales to the Canadian market will increase appreciably over the next few years. ●

IBRD Fosters Development

TOTAL loans by the International Bank for Reconstruction and Development on June 30, 1960, the end of its fifteenth fiscal year, stood at $5,067.9 million—which represents 265 loans in 53 member countries. New loans made in the 1959-60 fiscal year numbered 31 totalling $658.7 million.

Of the new loans, Asia and the Middle East together received, for the fifth successive year, the largest part, $273 million, bringing their 15-year total to $1,569 million. Africa this year accounted for $183 million for a total of $772 million, and Latin America received $134 million for a total of $1,053 million. Lending in Europe continued to fall, reflecting the ability of most European countries to finance their own needs or borrow in the market: new loans reached only $69 million, for a total of $1,356 million. Mauritania and the United Arab Republic were new borrowers.

The loans continued to show a concentration on basic facilities: transportation, power, mining, heavy industry and agriculture. Transportation was the biggest category, at $245 million. This included an oil pipeline to the Sahara ($50 million), Suez Canal improvement ($56.5 million), and general improvements in the former Belgian Congo, India and Pakistan ($95.5 million).

Loans for developing electric power totalled $208 million and the resulting projects will add more than one million kw. of generating capacity in member countries. The loan to Italy ($40 million) was the Bank's first investment in nuclear power; it will be used for construction of an atomic power plant. Iran and Peru were new borrowers in this category.

Loans for the development of industry aggregated $146 million; that for iron mining in Mauritania ($66 million) was the largest of all loans in any category for the year. Most of the other loans for industry took the form of assistance to local development banks.

Agriculture received a greater share of lending than for some years past, with a total approaching $60 million. Of particular interest in this category were the Bank's first three loans for agriculture in Africa ($18.2 million) to Southern Rhodesia, Kenya and the former Belgian Congo.

Total new loans for the year were slightly below the rate of the previous two years, but the effective doubling of the Bank's approved capital and the establishment of its affiliate, the IDA, may reverse this trend. ●

Indonesia Announces Monetary Measures

New import regulations designed to keep down prices of necessities and raise living standards. Effect on our trade should be slight.

M. B. BLACKWOOD, *Commercial Secretary, Djakarta.*

LATE last summer the Government of Indonesia announced new monetary measures which became effective on August 25, exactly one year after the introduction of the sweeping monetary reform of 1959.

According to the government statement, the new measures have three broad objectives.

1. To give the people the opportunity of obtaining basic necessities, such as food and clothing, at lower prices.

2. To further the development of the State in order to raise the Indonesian standard of living.

3. To create a just and prosperous society in an efficient manner.

Under the new regulations, the official rate of exchange remains based on 45 rupiahs to the U.S. dollar. This is now known as the basic rate. The system of export and import levies (PUEK and PUIM), introduced one year ago, has been abolished. To lower the prices of essential food and clothing, the state enterprises handling these are to reduce their surplus profit or markup by 20 per cent. In place of the 20 per cent PUEK levy which formerly applied to all exports, a new export duty of 10 per cent has been established. It is calculated on the f.o.b. value of the goods at the basic rate of exchange. All export shipments continue to require licences.

New Import Groups

Imports also remain subject to licensing, but instead of the former six categories of imported goods there are now only two main categories:

- Goods essential to the economy of the country
- Other goods that are still needed.

Essential goods will be imported at the official or basic rate of exchange. Certain commodities that fall within the following general import classifications are included—books; chemicals; printing supplies and accessories; photographic supplies; packing material; gunnies; medicinal and pharmaceutical products; fertilizers; metalwares; building materials; paper, stationery; food and drink; technical articles; textiles, textile dyes, and weaving yarn.

For the time being at least, the essential imports are to be subject to a levy known as a "price component"; its purpose is to prevent speculation as a result of too sharp a drop in prices following the abolition of the former import levies (PUIM), together with the reduction in surplus profit. Over a period of time the price component is to be reduced gradually, but at present it is as follows:

1. Goods which formerly came in under Category I of the old PUIM regulations, in so far as they are not included in (2) below—0 per cent.

2. Goods which formerly came in under Category II and all kinds of weaving yarns—25 per cent.

3. All other categories—60 per cent.

The price component will be calculated in terms of the rupiah equivalent of the foreign exchange concerned.

The second main group, described as "other goods which are still needed", will come in at exchange rates based on Rp.200 to the U.S. dollar in so far as they are allowed to be imported. This rate is more than four times the basic rate of exchange and has been adopted for the purpose of discouraging less essential imports.

The second main group has two sub-groups. The first comprises goods that may not be imported except under a special permit from the Minister of Trade, because they are produced in sufficient quantity in Indonesia. Among these are:

Rulers, including "double decimeter" rulers
Exercise books
Blackboards
School slates
Black printing ink
Frame covers
Saddle bags
Chamois leather
Leather shoes
Leather bags

Soles and heels for rubber shoes
Rubber tapping cups
Bicycle chain covers, all kinds
Bicycle tires, particularly size 28″ x 1½″ and all sizes fitting a 28″ wheel
Bicycles over 17″, other than racing bicycles
Chopping knives
Saucepans
Casseroles
Flat irons, charcoal-operated
Hoes, forks and pickaxes
Beer
Corned beef
Dried spiced pork and liver paste
Maizena flour
Purol essence
Manufactured paints for building and machinery, with the exception of paints for ships and spray paints
Turpentine
Radio receivers in cabinets, complete or knocked down
Various kinds of textiles, especially those similar to types produced in Indonesia
Manila rope
Awnings
Bandaging gauze and medicated cottonwool
Cigarettes
Cigarette paper in book form
Matches
Mantles for pressure lamps
Dry batteries for flashlights
Car batteries completely manufactured
andpaper not for metal work
Cardboard protectors for toothpaste tubes
trawboard under No. 100
Washing blue
ealing wax and wax for sealing bottles
Hospital equipment

The second sub-group comprises oods that may not be imported be- ause they are considered luxuries. covers the following items:

assenger cars with an f.o.b. price f more than U.S.$2,000

Watches
- the f.o.b. price of which exceeds Swiss francs 150 or the equivalent in another currency
- partly or completely made of precious metal
- decorated with precious stones

Cameras, the price of which exceeds U.S.$100

Jewellery, i.e., precious stones and recious metal

Yachts, whether or not driven by an engine

Carpets

Exceptions will only be made for goods in this group when the Minister of Finance grants special import permits to meet government requirements.

Import Duties

New import duties ranging from 0 per cent to 100 per cent have been announced. They will be calculated on the rupiah c.i.f. value, plus other charges, at the basic rate of Rp.45 to the U.S. dollar. There are four rates of duties.

List A—certain goods in the food and clothing and development categories, and other goods which were exempt in the old tariff—0 per cent.

List B—other food and clothing and development goods—20 per cent.

List C—goods not included in A, B or D—30 per cent.

List D—goods, the import of which is restricted or for which no foreign exchange is made available except under special permit from the Minister of Trade or the Minister of Finance—100 per cent.

All other duties which applied under the former system—that is, statistical duty, goods fee and entry tax—have been abolished. It is expected that this will reduce considerably the administrative burden on importers and government officials because the calculation of these various duties was both time-consuming and confusing.

Imports with Free Exchange

Holders of free foreign exchange —i.e., foreign exchange not registered as belonging to the State— may be allowed to use it to import certain kinds of commodities. The products covered and the conditions that will apply have not yet been announced. These matters are to be under the control of the Ministers of Trade and Finance. It has been stated, however, that the foreign exchange must be used for imports that will help to develop domestic production.

New regulations are to be announced for barter trade (the so-called consignments with counter-imports) in operation between certain areas of Indonesia and Singapore and Malaya.

In addition to the basic rate of exchange of Rp.45 to the U.S. dollar, the Government has stated that in certain exceptional cases a more favourable rate than the official one may be granted for foreign exchange surrendered in respect of certain services (invisibles). The tourist trade has been mentioned but so far there has been no further clarification.

All import applications that had not been approved when the new regulations came into force on August 25 have been rejected, except applications covering essential goods.

Transfers

A transfer tax of 100 per cent is now levied on bank sales of foreign exchange for transfer abroad for certain services (invisibles) determined by the Minister of Finance, such as:

Passages and other travelling expenses.

Ship's charter fees with certain exceptions (inter-island trade, vessels chartered by the government-owned shipping lines, Pelni and Djakarta Lloyd, or ships used for transporting pilgrims to Mecca or rice to Indonesia).

Transfers by firms for financing overseas branches in connection with patent rights and other obligations not usually met by profit transfers.

Transfers to the debit of non-resident accounts.

The imposition of the 100 per cent transfer tax on the basic rate for the rupiah has the effect of creating another exchange rate of Rp.90 to the U.S. dollar.

As for transfers of foreign exchange into Indonesia, the abolition of the 20 per cent PUEK levy means that inward remittances and travellers cheques are no longer subject to this deduction when they are converted into rupiahs.

Credit and Bank Liquidity

New legislation empowers the Minister of Finance to restrict lending by and liquidity of banks. Those institutions which infringe the regulations (yet to be announced) must pay additional interest to Bank Indonesia, the Central Bank. Second offenders may have their operating permits withdrawn. State enterprises will also be subject to tighter credit control. Because one of the reasons for inflationary pressures in this country has been the granting of large credits by banks, the new regulations should be beneficial. They may be a means of keeping out of circulation money that might be used for other than sound economic purposes.

Interest rates on treasury bills have been greatly increased and now run from 3 per cent a year for three months to 5½ per cent for five years. Bank Indonesia will discount treasury bills (which was not done previously) but the discount rates have yet to be published.

The former import regulations gave prominence to essential goods but the new measures lay even greater emphasis on imports in this sector. Because most of Canada's exports to Indonesia have been in the category of essentials, little change in either the volume or pattern of our trade is to be expected. ●

In Colombia

Steel Sparks Metal Industry

Colombia's metal industry has trebled output since 1953, thanks largely to the Government's decision to build a steel mill and reduce dependence on imports.

J. H. BAILEY, *Commercial Secretary, Bogotá.*

DURING the war the Colombian metalworking and construction industries were badly affected when traditional European sources of supply were cut off. North American mills, fully occupied supplying Allied forces, were unable to spare enough steel for this market. After the war the Government, not wishing to see the economy strangled again, decided to build the country's first integrated steel mill at Paz del Rio. It hoped that the production of this mill, plus the steel fabricated in Medellin from scrap, would be sufficient to conserve foreign exchange and to meet basic needs in time of war. At the same time the Government hoped that the metal-using industries, if given a local source of supply and protection from imports, would be able to expand and diversify. The Paz del Rio mill, built by a French firm, with equipment manufactured in France to United States specifications, came into full production on October 13, 1954, and since then has largely met these requirements.

Basic Steel Production

Paz del Rio is in the Colombian mountains at the 8,500-foot level, 180 miles northeast of Bogotá. The mill receives its supplies of iron ore, coal and limestone from within a 25-mile radius. Reserves of iron ore in the area are estimated at more than 100 million tons containing 48-50 per cent iron and 1 per cent phosphate. Output is shipped throughout Colombia by rail and road, and some products have been shipped to the Caribbean area and even to the southern United States.

Production totalled 104,000 ingot tons in 1959 from a 500-ton blast furnace; this was turned into 77,000 tons of steel in a Thomas converter and a 15-ton electric furnace. The steel in turn was made into rails, reinforcing bars, structural shapes, mine arches and wire. During 1960 and 1961, thanks to an investment program of more than $14 million, the following changes will be made: installation of a rolling mill (capacity 50,000 tons a year) for steel sheet production (from 0.3 to 3 millimetres); a sintering plant for iron ore; modifications to the 43 coke ovens that will allow for higher production, and an increase in wire

STEEL PRICES IN COLOMBIA

Square bars and rounds	Price per metric ton
⅜ inch	$147
½ "	143
¾ "	136
1 "	134
Angles	
1 x 1 x ⅛	154
3 x 3 x ¼	147
4 x 4 x ⅜	146
5 x 5 x ½	145
6 x 6 x ⅝	143
"T'S"	
1 x 1⅛ inches	193
1½ x 1½ x 3/16 inches	155
Wire for screws	
Nos. 4 to 8 BWG	196
No. 14 "	199
No. 18 "	206
Galvanized wire	
No. 14 BWG	184
No. 18 BWG	193

output. There will also be miscellaneous additions and modifications in compressed air distribution, automatic handling equipment, etc., that will improve the workings of the plant. The rolling mill will come from the Acerio del Pacifico in Chile and the other equipment from the U.S. and Europe. It is expected that the World Bank will supply about $12 million and the remainder of the capital will come from Colombian sources.

The only other steel producer in Colombia is the Empresa Siderurgica de Medellin. This company, using scrap as its raw material, turned out about 15,000 tons of steel in 1959. At present a new five-ton electric furnace is being installed that will boost production in Medellin and in the company's subsidiary plant near Bogotá. In addition to its basic steel production, the company operates a modern butt-welding pipe mill (using imported sheet steel) and a casting plant for products ranging from railway equipment and cast-iron pipe to specialized goods for factories in the bustling industrial city of Medellin.

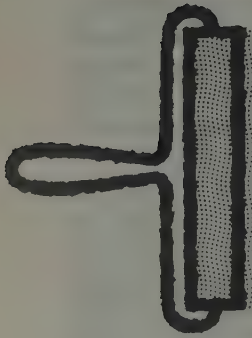
Metal Industries Profit

The introduction of large-scale domestic steel production, plus a general business boom in Colombia, has led to at least a trebling of output from the metallurgical industry since 1953. This increase stems from the creation of new industries and expansion of the old. There are now over 180 metal industries almost evenly divided as follows: basic casting and metalworking; electrical equipment; machinery; transportation equipment; miscellaneous products such as hardware, metal home and office furniture, kitchen and bathroom equipment.

The metal industries employ over 30,000 persons and produced in 1957 (the last year for which statistics are available) over $100 million worth of merchandise. They now represent almost 10 per cent of the country's total production and are steadily expanding; each year, out of total industrial investment, the metalworking industries account for over 11 per cent. This rate of growth is assured for some years because of the Government's declared policy of aiding domestic production.

Although the metal industries are saving Colombia more than $27 million a year in foreign exchange (compared with 1953), over $132 million worth of metal goods a year are still being imported. Hence, even with the announced introduction of new factories for automobiles and other steel products during the next two years, there should still be wide scope for other new enterprises to take part in the expansion of Colombia's metal industries. ●

Opened in 1954, the Paz del Rio plant, built by French engineers, was Colombia's first integrated steel mill. The plant is now being enlarged, a rolling mill installed, and various improvements made to step up efficiency. The program involves an investment of over $14 million.



Paints and Varnishes

The Market in Egypt

Canadian producers can write off the Egyptian market for the time being; opportunities may develop if foreign exchange position improves. Saudi Arabia, Ethiopia and Sudan more hopeful.

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

THE paint industry in the United Arab Republic's Egyptian Region is by no means highly developed. There are four factories in Alexandria, one of which was established as long ago as 1894 as a branch of a British firm, and a number of small producers whose products are not sold or advertised nationally. These plants could better be termed paint mixers rather than paint manufacturers; almost all their raw materials are imported. No statistics of production by quantity, value or type of paint are available; the Federation of Industries has never considered the industry important enough to collect information about it. However, it is apparent that local production meets perhaps half of the country's requirements of the cheapest qualities.

Local Production Encouraged

Traditionally, Egypt has relied heavily on imports of most manufactured goods including paints, varnishes, enamels and lacquers. In spite of the drive to industrialize in recent years (the Second Five Year Industrial Plan is just beginning), Egypt has placed little emphasis on developing the paint industry. It is only in the last year that the planning authorities have paid attention to the need to produce better grades of paint for the growing finished consumer and capital goods industries. Thus the Second Five Year Plan includes a project to expand a new firm, The Paints & Chemical Industries Co.

This new company, formed in 1958, expects to go into production this year under licence and supervision of a Danish firm, S. Dyrup & Co. Initial output is planned at 1,000 tons a year, increasing to 2,700 tons by 1965. The company will manufacture a widening range of paints, enamels, varnishes, lacquers and synthetic resins, both for export to neighbouring countries and for the domestic market. Products now being manufactured in Egypt for the first time include domestic gas and electric appliances, cars, trucks, tractors, railway rolling stock, pumps and agricultural equipment, all of which require types of paint previously not made here.

As local production grows, imports will be prohibited. In 1959 however, Egypt imported 1,500 tons of paint and 270 tons of varnish from a variety of sources. West European countries—West Germany, Denmark and the Netherlands—were the chief suppliers of paint; Communist countries—Yugoslavia and Communist China—provided about 20 per cent of the total. The United States sold 150 tons valued at E£68,000 and Canada five tons valued at E£2,380. Communist countries, principally China, supplied more than half of the total imports of varnish, and Western Europe (Germany) the remainder.

Under Egypt's severe import licensing programs during the last few years, paint has never been considered essential. Since bilateral payments agreements exist between Egypt and Communist countries it is easier to obtain licences to import from these sources. But for consumers who required high quality paints, of the kind available in Europe and North America, it was possible up to late last year to buy foreign exchange on the "free" market at a premium of 60 to 70 per cent over the official rate; paint supplied by Canada was paid for in this way. This system was stopped in September 1959, and subsequently few if any licences have been granted for paint imports from Western countries. As a matter of academic interest, import duties on paint, varnish, etc., total 32 per cent ad valorem (Egypt has a single column tariff applicable to all countries).

At the present time Egypt has no packing regulations, but in accordance with a recent law on weights and measures, the metric system will be mandatory after November 15, 1961, and litres and kilograms will replace quarts, gallons and pounds. A new law pertaining to the labelling of consumer goods stipulates that Arabic must be used exclusively, or at least as prominently as any foreign language. Letter of credit is more or less the standard financing practice for imports in the United Arab Republic.

As will be surmised, opportunities for the sale of Canadian paint do not exist today in the Egyptian Region of the United Arab Republic. Future possibilities depend on an improvement in the foreign exchange position, and the ability of local industry to meet the country's requirements. With an improved standard of living, demand should be greater for good quality paints which may not be obtainable locally.

Of the other countries which this office covers, Saudi Arabia offers the best opportunities for Canadian exporters. No statistics are available on imports but there is no local production and, apart from petroleum, little industry of any kind. The market therefore is confined largely to house and building paints.

The Sudan and Ethiopia also have no local production. The Sudan imports about 1,000 tons a year, mainly from the United Kingdom, the Netherlands and other West European countries. Ethiopia imports some 700 tons a year from the same sources. The Sudan is steadily relaxing its import restrictions as the foreign exchange situation improves; Ethiopia does not restrict imports. Canadian exporters whose prices, including freight, are competitive with those of West European suppliers might explore possibilities in these markets. ●

Businessman's Bookshelf

conomic Development in the United Kingdom Dependencies

entral Office of Information. 48 pages. Free.

HE United Kingdom dependencies cover an area of ver 1.8 million square miles as compared with Canada's 3.9 million and contain some 75 million people. ogether they form a huge potential market. They ow account, in terms of value, for about 4.5 per cent f world exports and about 4.7 per cent of world nports. Total exports, at $3.3 billion in 1958, and nports at $4.0 billion were both exactly twice the espective 1949 values. Agriculture is still the basis f most of these economies and—supplemented in ome cases by minerals (to the order of $650 million r the whole year) and manufactures—has been the gnificant factor in the importance of the territories in orld trade. One of the major problems has been the reat dependence of the various territories on the re- urns from one or two commodities which are subject violent price fluctuations in world markets.

This pamphlet describes briefly the measures, both ublic and private, undertaken to promote economic evelopment and diversification in these territories. The udy outlines some of the problems involved, the nancial aid and technical assistance programs, and eir effect. The text is supplemented by several tables illustrating the production and trade of the various units of the area.

Order from: United Kingdom Information Office, 119 Adelaide St. W., Toronto, Ontario.

Europe Today: A Report on the European Economic Community

The First National City Bank of New York. 39 pages. Free.

THE Rome Treaty establishing the European Economic Community has been in existence almost three years and the Common Market itself has nearly completed its second year of active operation. This little booklet, the second of a series, brings the reader up-to-date on current labour supply, wage rates, investment incentives and market potential in each EEC country. It also deals with investment and production and briefly discusses trends toward mergers, agreements, co-operation, and reorganization of production and distribution facilities in the private enterprise sector of the Common Market.

The study also describes the background of both the EEC and the EFTA, and presents economic and trade comparisons between the two. The approach is distinctly slanted to the U.S. businessman, but the booklet nevertheless contains much information of value to his Canadian counterpart.

Order from: The First National City Bank of New York, 55 Wall Street, New York 15, N.Y.

Marketing in Latin America

By Frank Montgomery Dunbaugh. 290 pages. $7.50.

THE dynamic Latin American market, with its growing industrialization and rising purchasing power, offers wide scope for imaginative marketing techniques.

Making the North American executive aware of the Latin markets that can be penetrated by creative thinking is the first objective of this book. After arousing the exporter's interest, Mr. Dunbaugh suggests an enlightened approach to the markets and also points out some unanticipated pitfalls.

Among the phases of Latin American marketing covered are distribution, advertising, public relations, selling capital and consumer goods, and licensing. Case histories drawn from well-known U.S. firms are used to illustrate the various current techniques.

Comprehensive and detailed but written in a light and stimulating manner, Mr. Dunbaugh's book is a valuable tool for the marketing executive.

Published by: Printers' Ink Book Company, 635 Madison Avenue, New York 22, N.Y.

Survey of Markets and Business Year Book, 1960

Edited by B. M. Hamilton for the Financial Post. *238 pages. $4.00.*

WHAT is Canada's fastest growing city? How many people live in the Toronto metropolitan area? How many industrial plants has Moose Jaw? What is the number of persons paying income tax in Prince Edward Island?*

The 36th edition of this familiar marketing guide will answer all these questions and hundreds more. It starts out by giving, for 400 or so marketing areas, comparative figures on population, on personal disposable income, and on retail sales. It then gives marketing data on the provinces, cities and towns. Section two surveys national business (national income, employment, municipal finance, price movements, etc.) and section three covers national industry.

Manufacturers, importers, advertising and market-research men, Chamber of Commerce members, industrial development committees, and even public speakers—all these should find this hardy annual helpful.

Order from: Maclean-Hunter Publishing Company Limited, 481 University Avenue, Toronto, Canada.

*Answers: Edmonton; 1.5 million; 42; 8,911.

Europa Year Book 1960, Volume II

Europa Publications Limited. 1,179 pages. $25.0 (two volumes $44.00).

LAST July we reviewed Volume I of this comprehensive reference work, in which Europa plans every yea to cover all the countries of the world. Volume II which deals with Africa, the Americas, Asia and Australasia, includes a preliminary section on internationa organizations not found in the first volume. The Unite Nations gets brief though thorough treatment; so does the Commonwealth, the French Community, the Organization of American States, the Colombo Plan, the Arab League, and others.

The biggest portion of the book is, of course, the systematic listing of facts about all non-European countries from Afghanistan to the Yemen. In the task of handling so much material the editors have tried to compress rather than omit and readers may in some instances quarrel with the result. (We are judging from our perusal of the Canadian section.) But if one accepts these limitations, it is a valuable reference.

Published by: Europa Publications Limited, 18 Bedfor Square, London, W.C.1.

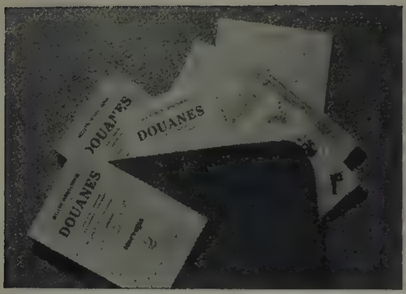
Trade Commissioner on Tour

B. HORTH, Assistant Commercial Secretary in The Hague Netherlands:

Toronto—Nov. 21-25 Vancouver—Jan. 27-31

When he completes his tour, Mr. Horth will be posted t New Delhi, India, as Assistant Commercial Secretary.

Businessmen who wish to see Mr. Horth should get i touch with the Board of Trade or Chamber of Commerce i the cities mentioned, with the following exceptions. In Toronto Winnipeg and Edmonton, the Trade Commissioners mak their headquarters at the offices of the Canadian Manufacturer Association; in Windsor, Ontario, at the offices of the Greate Windsor Industrial Commission; in St. John's, Ottawa an Vancouver, at the Department of Trade and Commerce; i Victoria at the Department of Trade and Industry, and i Fredericton at the Department of Industry and Development



Trade and Tariff Regulations

Communist China

SHIPPING REGULATIONS—Canadian exporters desirous of selling to Communist China will be interested in the regulations concerning the dispatch of goods and other merchandise.

In so far as shipments by post are concerned, the normal service is extended to Communist China, except that parcel post service is suspended. Regular postal service to Communist China is available for letters, printed matter, commercial papers and samples. Dutiable articles in letter packets are, however, not admitted.

Parcels for shipment by post are limited in size to three and a half feet in length, width and depth combined. The maximum dimension in any one direction must not exceed six feet; or, if in the form of a roll, he length and twice the diameter must not exceed three eet three inches. The greatest dimension in any case must not exceed two feet eight inches. The maximum weight for parcels containing printed matter is six pounds nine ounces, except for sewn or bound books, which may be sent up to eleven pounds; for commercial papers the weight is four pounds six ounces and for amples one pound.

Shipments in excess of the limits of weight and size ndicated above must go by express or freight.

Under the export control regulations of Canada, dministered by the Department of Trade and Commerce, the following goods may be forwarded freely o any country in the world without an export permit, ncluding Communist China, if they are of Canadian rigin: advertising matter, except technical data; books; magazines and periodicals. Such commodities of United tates origin may not be exported from Canada unless ermission is obtained.

United States

ARIFF COMMISSION TO INVESTIGATE IMPORTS OF CELLULOSE FILAMENTS—Having found in the course of the "peril point" investigation f the Trade Agreements Extension Act of 1951, as mended, that an increase in duty or additional import estriction on the articles described below is required avoid serious injury to the domestic industry produc- g like or directly competitive articles, the United States Tariff Commission, in accordance with section 3(b)(1) of the said Act, instituted an investigation on October 10, 1960, pursuant to section 7 of the said Act, for the purpose of determining whether such articles are, as a result in whole or in part of the customs treatment reflecting the concession granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

The imported articles covered by this investigation are cellulosic filaments of rayon or other synthetic textile (except acetate filaments) not exceeding 30 inches in length, other than waste, whether known as cut fiber, staple fiber, or by any other name, provided for in paragraph 1,302 of the Tariff Act of 1930.

A public hearing in connection with this investigation will begin at 10 a.m. e.s.t. on January 31, 1961, in the Hearing Room, Tariff Commission Building, Eighth and E Streets N.W., Washington, D.C. Interested parties desiring to be heard should write the Secretary of the Commission at least five days before the date set for the hearing.

Venezuela

SUSPENSION OF FOREIGN CURRENCY OPERATIONS—Cabled advice of November 7 from W. D. Wallace, Commercial Counsellor, Canadian Embassy, Caracas, reports, "Venezuela suspending foreign currency operations for 48 hours." There are prospects of possible changes in the Venezuelan exchange system. Further details will be published as soon as they are available.

Tours of Territory

Tours by Trade Commissioners in their territories during November and December, which were published in previous issues, have been cancelled because the officers are being recalled to Ottawa to attend the Export Trade Promotion Conference convened by the Minister of Trade and Commerce.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.0253124.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 7	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01181	84.67	(1)
Austria	Schilling		.03770	26.52	
Australia	Pound		2.1964	.4553	
Bahamas	Pound		2.7455	.3642	
Belgium and Luxembourg	Franc		.01965	50.89	
Bermuda	Pound		2.7455	.3642	
Bolivia	Boliviano	Free	.00008537	11,713.72	
British Guiana	Dollar		.5720	1.75	
British Honduras	Dollar		.6864	1.46	
Brazil	Cruzeiro	General Category*	.004265	234.46	*Oct. 18 (2)
		Special Category	.001622	616.64	
		Official selling	.05155	19.40	(3)
Burma	Kyat		.2048	4.88	
Ceylon	Rupee		.2059	4.86	
Chile	Escudo	Free	.9271	1.07863	(4)
Colombia	Peso	Certificate	.1456	6.87	
Congo, Republic of	Franc		.01965	50.89	
Costa Rica	Colon	Official	.1737	5.76	
		Controlled free	.1466	6.82	
Cuba	Peso		.9753	1.02532	tax 2%
Czechoslovakia	Koruna		.1355	7.38	
Denmark	Krone		.1417	7.06	
Dominican Republic	Peso		.9753	1.02532	
Ecuador	Sucre	Official	.06502	15.38	
		Free	.05704	17.53	
Egyptian Region, United Arab Rep.	Pound	Official	2.8007	.3570	
		Export account selling	2.4100	.4149	
El Salvador	Colon		.3901	2.56	
Fiji	Pound		2.4734	.4043	
Finland	Markka		.003048	328.08	
France, Monaco, etc.	New Franc		.1990	5.02	(5)
French Territories, Africa, etc.	Franc		.003980	251.26	(6)
French Pacific	Franc		.01095	91.32	(7)
Germany	D Mark		.2338	4.28	
Ghana	Pound		2.7455	.3642	
Greece	Drachma		.03251	30.76	
Guatemala	Quetzal		.9753	1.02532	
Haiti	Gourde		.1951	5.12	
Honduras	Lempira		.4877	2.05	
Hong Kong	Dollar	Free*	.1715	5.83	*Oct. 2
		Official	.1716	5.83	
Iceland	Krona	Official	.02567	38.95	(8)
India	Rupee		.2059	4.86	
Indonesia	Rupiah	Official	.02167	46.14	(8)
Iran	Rial		.01287	77.67	
Iraq	Dinar		2.7309	.3662	

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*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Nov. 7	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7455	.3642	
Israel	Pound		.5418	1.84	
Italy	Lira		.001572	636.13	
Japan	Yen		.002709	369.14	
Lebanon	Pound	Free	.3063	3.26	
Mexico	Peso		.07803	12.81	
Netherlands	Florin		.2585	3.87	
Netherlands Antilles	Florin		.5209	1.92	
New Zealand	Pound		2.7455	.3642	
Nicaragua	Cordoba	Effective buying	.1478	6.76	
		Official selling	.1383	7.23	
Nigeria	Pound		2.7455	.3642	
Norway	Krone		.1370	7.29	
Pakistan	Rupee		.2059	4.86	
Panama	Balboa		.9753	1.02532	
Paraguay	Guarani	Official	.007710	129.70	
Peru	Sol		.03631	27.54	
Philippines	Peso		.4877	2.05	
Portugal & Colonies	Escudo		.03404	29.38	(9)
Singapore and Malaya	Straits Dollar		.3203	3.12	
Spain and Dependencies	Peseta		.01625	61.52	
Sweden	Krona		.1891	5.29	
Switzerland	Franc		.2265	4.41	
Syrian Region, United Arab Rep.	Pound	Free	.2725	3.67	
Thailand	Baht	Free	.04613	21.68	(8)
Turkey	Lira		.1084	9.22	(8)
Union of South Africa	Pound		2.7455	.3642	
United Kingdom	Pound		2.7455	.3642	
United States	Dollar		.9753125	1.0253124	
Uruguay	Peso	Free	.08802	11.36	(10)
Venezuela	Bolivar		.2911	3.43	
West Indies Fed.	Dollar		.5720	1.75	(11)
	Pound		2.7455	.3642	(12)
Yugoslavia	Dinar	Official	.003251	307.60	(8)
		Settlement rate	.001543	647.99	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Markets in Brief

MEXICO

Area: 760,000 square miles, about one-fifth Canada's size.

Population: 34.6 million; growth rate about 3.4 per cent per year.

Climate: varies from tropical in coastal regions to temperate in central plateaus.

Language: Spanish; sales literature in Spanish preferred.

Currency: peso; fixed rate, U.S.$1.00= 12.50 pesos. There are no exchange controls.

Weights and measures: metric system.

Capital: Mexico City, altitude 7,300 feet.

Main entry points: on Pacific Coast—Guaymas, Manzanillo, Mazatlán, Acapulco; on Gulf of Mexico—Tampico and Veracruz; at U.S. border—Matamoros, Nuevo Laredo, Piedras Negras, Ciudad Juarez, Mexicali, Tijuana.

Marketing centres: Mexico City (population, 1960 census) 4.8 million; Guadalajara 734,000; Monterrey 601,000; Puebla 285,000; Mérida 177,000; San Luis Potosi 174,000.

Tijuana
Mexicali
UNITED STATES
Ciudad Juarez
Guaymas
Piedras Negras
Nuevo Laredo
Monterrey
Matamoros
Mazatlán
Gulf of Mexico
San Luis Potosi
Tampico
Guadalajara
Pacific Ocean
Manzanillo
Merida
Mexico
Puebla
Veracruz
Acapulco
BR. HONDURAS
GUATEMALA
HONDURAS
MEXICO

Economy: principally an agricultural country producing grain, livestock, industrial crops, fruit, vegetables. Considerable industrial development in progress, which the Government actively encourages. Mining is important, particularly base metals and precious minerals.

Total Mexican imports: 1959—U.S.$1,007 million; 1958—U.S. $1,129 million. Imports per capita, approximately $29.10. About 8.5 per cent of these imports enter through trade zones.

Chief imports: 1959 (in per cent)—machinery, instruments, electrical and transport material 47.8; chemical products 15.6; other manufactured articles 12.6; raw materials non-combustible 7.5; foodstuffs 3.6; combustible materials and lubricants 2.6.

Chief suppliers: 1959 (in per cent, Mexican statistics)—United States 72.9, West Germany 6.6, United Kingdom 3.8, Canada 2.6, Italy 2.0.

Value of imports from Canada: 1960 (6 months)—Can.$15,134,425; 1959—Can.$27,766,214; 1958—Can.$31,564,008.

Chief imports from Canada: 1959 (in per cent)—newsprint 27, cellulose products 18, aluminum in primary forms 6, drugs and chemicals 5, machinery and parts 5, asbestos fibre 4, agricultural implements 3.

Total Mexican exports: 1959—U.S.$721 million; 1958—U.S. $708 million.

Chief exports: 1959 (in per cent)—foodstuffs 26.5, cotton 21.2, metals and minerals 16.5, manufactured articles including machinery 9.6, combustibles and mineral lubricants 4.2, chemical products 2.5.

Chief markets: (in per cent, Mexican statistics)—United States 60.7, Japan 7.2, Germany 2.5, United Kingdom 1.9, Netherlands 1.8, Canada 1.3 (Canada ranks fourth by Canadian statistics).

Value of exports to Canada: 1959—Can.$34,615,081; 1958—Can.$32,058,587.

Chief Canadian purchases: 1959 (in per cent)—raw cotton 54 fresh tomatoes 10, green coffee 7, peanuts 3, sisal, istle and fibres 2.

Dollar exchange: dollars are freely available for all permitted imports but a wide range of commodities are subject to import licensing and to substantial duties.

Prices: quote in U.S. dollars c.i.f. or c. & f. the nearest border point of entry.

Samples: permitted entry under bond or treated as norma imports if of commercial value, otherwise free. Some samples prohibited entry without payment of duties such as canned foodstuffs and finished consumer goods.

Transportation: regular flights from Vancouver and Montreal-Toronto; sailings from east coast and west coast ports road and rail transport facilities available.

Trade agreements: most-favoured-nation agreement with Canada. All countries enjoy equal tariff treatment.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch Department of Trade and Commerce, Ottawa.

Canadian banks: none.

Correspondence: airmail preferable; letters 10 cents per hal ounce.

For detailed information on this market write to:

Latin American Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Secretary
Canadian Embassy
Apartado 25364
Mexico 5, D.F.

Reference: special edition of Mexico, *Foreign Trade*, October 11, 1958.

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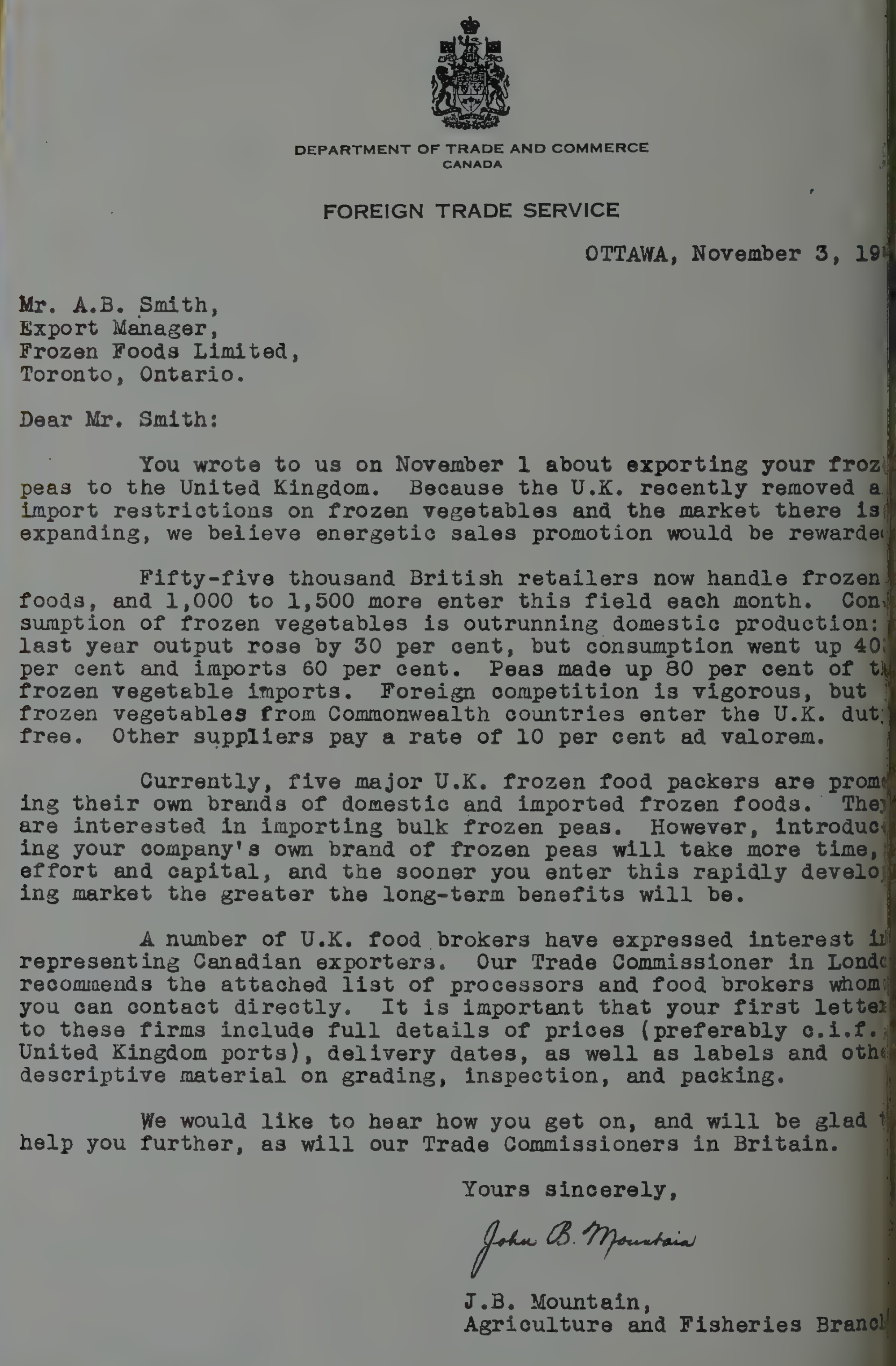


DEPARTMENT OF TRADE AND COMMERCE
CANADA

FOREIGN TRADE SERVICE

OTTAWA, November 3, 19

Mr. A.B. Smith,
Export Manager,
Frozen Foods Limited,
Toronto, Ontario.

Dear Mr. Smith:

You wrote to us on November 1 about exporting your froz peas to the United Kingdom. Because the U.K. recently removed a import restrictions on frozen vegetables and the market there is expanding, we believe energetic sales promotion would be rewarde

Fifty-five thousand British retailers now handle frozen foods, and 1,000 to 1,500 more enter this field each month. Consumption of frozen vegetables is outrunning domestic production: last year output rose by 30 per cent, but consumption went up 40 per cent and imports 60 per cent. Peas made up 80 per cent of t frozen vegetable imports. Foreign competition is vigorous, but frozen vegetables from Commonwealth countries enter the U.K. dut free. Other suppliers pay a rate of 10 per cent ad valorem.

Currently, five major U.K. frozen food packers are prom ing their own brands of domestic and imported frozen foods. They are interested in importing bulk frozen peas. However, introduc ing your company's own brand of frozen peas will take more time, effort and capital, and the sooner you enter this rapidly develo ing market the greater the long-term benefits will be.

A number of U.K. food brokers have expressed interest i representing Canadian exporters. Our Trade Commissioner in Lond recommends the attached list of processors and food brokers whom you can contact directly. It is important that your first lette to these firms include full details of prices (preferably c.i.f. United Kingdom ports), delivery dates, as well as labels and othe descriptive material on grading, inspection, and packing.

We would like to hear how you get on, and will be glad help you further, as will our Trade Commissioners in Britain.

Yours sincerely,

John B. Mountain

J.B. Mountain,
Agriculture and Fisheries Branc

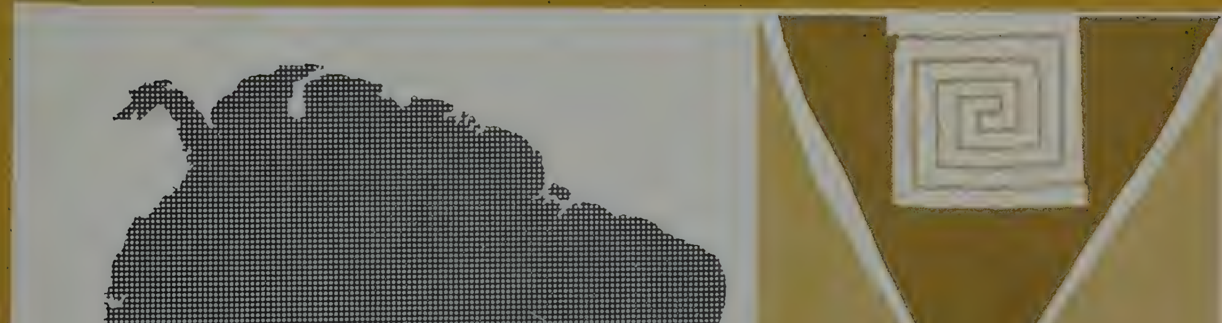
Trade and Commerce Can Help Yo

Export Trade Promotion Conference • Ottawa Dec. 5-9

foreign trade

ADA

DECEMBER 3, 1960



SOUTH AMERICA'S TRADING PATTERN

Established in 1904

foreign trade

OTTAWA, DECEMBER 3, 1960 **Vol. 114, No. 12**

cover The map, plus a traditional South American design, prepares the reader for our annual review of business and trade developments and prospects in the South American countries (pages 4 to 27). Included also are brief reports on two developments in the international loan field that should speed progress on this Southern continent.

CANADA

2 **Trade and Commerce Calls an Export Trade Conference . . .** *a report on the conception, preparation, program and purpose of this unique gathering.*

4 **South America's Trading Pattern . . .** *from the Trade Commissioner posts in South America come these studies of industrial and agricultural development, foreign exchange problems, trading patterns and marketing opportunities in ten countries.*

5 **British Guiana**
8 **Venezuela**
11 **Colombia**
13 **Ecuador**
14 **Peru**
17 **Chile**
19 **Bolivia**
21 **Paraguay**
23 **Uruguay**
25 **Brazil**

16 **Inter-American Bank Set Up . . .** *to furnish long-term development capital to members of the Organization of American States.*

30 **United States Sponsors Social Progress . . .** *in Latin America, as "Dillon Plan" provides $500 million for agricultural reforms, housing, education, and public health.*

28 **Shipping Services to South America . . .** *a useful tabulation by our Transportation and Trade Services Division.*

34 **Canada in South American Markets . . .** *the camera covers commodity trade.*

33 **Commodity Notes**
35 **Trade Commissioner on Tour**
31 **Trade and Tariff Regulations**

Published fortnightly by the Department of Trade and Commerce.
The Hon. GEORGE HEES, Minister. JAMES A. ROBERTS, Deputy Minister.

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Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade".

Trade and Commerce C

THE Department of Trade and Commerce is bustling with activity thes days as preparations go forward for the Export Trade Promotion Cor ference to meet in Ottawa from December 5 to 9. Convened by the Hor George Hees, Minister of Trade and Commerce, its objective is, in hi words, to “enlist Canadian businessmen in a drive forward in the searc for a larger share of the foreign markets of the world.”

Why a Conference?

The idea behind the conference is a simple one—to give present an potential exporters an opportunity to discuss their individual problems i confidence with individual officers of the Department, to find out how t step up their sales, and to be seized with the vital importance of expo trade to Canada at this juncture. Some 110 trade and business association the newspapers, trade publications, radio and television stations are co operating in making the conference and its objectives widely known. As w go to press, businessmen are writing in at the rate of about forty a day t ask for meetings with as many as nine officers each; about 520 alread have confirmed appointments (thus making a total of 4,680 appointment now scheduled). Some of them represent small companies, some large some are thinking of tackling foreign markets for the first time, som already have a flourishing export business, but all want to expand thei export sales. Both the tyro and the pro are welcome.

Trade Commissioners Coming

What makes this conference unique is that 111 Trade Commissioner stationed in 49 countries will fly into Ottawa to take part. The firm tha wants to sell in Sweden or investigate the possibility of exporting to th Soviet Union, for example, may ask for an appointment with Canada' Commercial Counsellor in Stockholm or in Moscow. Or the many com panies keen to take advantage of the newly opened market in Australi can talk with one of the T.C.'s posted there.

Individual Interviews Arranged

In addition to the Trade Commissioners, the business visitors will be abl —and often advised—to consult the home-based officers of the Depart ment who specialize in various groups of commodities, in trade policie and tariffs, in transportation problems, and in other fields. In the shor time he spends in Ottawa, the visitor will get a concise, practical briefin on export trade. Just as important, he will become personally acquainte with the Trade Commissioners and the officers in Ottawa with whom he wi be in constant contact as he builds up or expands his export activities.

Conference arrangements are designed to help the businessman make th maximum use of his time. When he requests interviews with the Trad Commissioners, he specifies the countries in which he is interested, th products that he exports or wishes to export, whether his firm is alread engaged in foreign trade, and what problems he wants to discuss. Th Registration Office then arranges half-hour appointments with th appropriate Trade Commissioners and with other head office personne and sends the completed schedule to him. The Trade Commissioners wi be based in No. 1 Temporary Building (just across the street from th Trade and Commerce Building) where there are a large number o individual conference rooms. Those from one geographical area, such a Asia and the Middle East, the Commonwealth, Europe, United State or Latin America, will be grouped together—another time-saver. An lest the visitor get lost in the maze of corridors and his time-table suffe an ingenious system of coloured area signs has been worked out.

The choice of No. 1 Temporary Building—battered but still usable afte staunch wartime and postwar service—indicates that this conference strictly business, with little time for frills. Social affairs will be kept to minimum; in fact, the Trade Commissioners have been instructed not t make any social engagements. From the time that they arrive in Ottawa o

Export Trade Conference

Tuesday, November 29, until the conference ends late on Friday, December 9, they will be hard at work—listening, advising and discussing.

Officers Study Trade Techniques

Before their business visitors arrive in Ottawa, the Trade Commissioners and their home office colleagues will be deeply involved in another aspect of the conference. Together they will examine trade promotion policies, techniques and procedures, in the expectation that out of this will come fresh ideas for increasing our foreign trade.

This part of the conference will get under way on Wednesday morning, November 30, when the Trade Commissioners and 50 or 60 of the senior officials of the Department will gather in the main auditorium of the Dominion Bureau of Statistics. There the Hon. George Hees, who became Minister of Trade and Commerce in mid-October and who conceived the idea of this conference, will greet his "sales team". Many of its members will be introduced to him for the first time, because normally Trade Commissioners return home on leave only every two or three years.

Several times since he came to Trade and Commerce, the Minister has compared his position to that of a sales manager, with a picked group of salesmen all over the world. In announcing the conference on November 8, he developed this theme: "It is good business practice," he said, "for the sales manager to discuss the policy of his company with the salesmen in their respective territories, and to obtain from them suggestions whereby more business can be transacted. Our Trade Commissioners are, in a very real sense, salesmen who establish contacts and direct the attention of prospective purchasers to this country as a source of supply."

After these introductions, Mr. Hees will speak on "Export Targets for the Sixties"—sketching in the broad picture of trade development policy and objectives. He will be followed by the Deputy Minister, James A. Roberts, who, in enlarging on the topic "Mobilizing for Export at Home and Abroad", will emphasize trade relations, export objectives, and the part that the Trade Commissioners can play in the export offensive. The press is invited to this opening meeting; all the other sessions (they will occupy the afternoon of the 30th and the next two or three days) will be closed. The general public will not be admitted at any time.

Airing Their Views

Discussion during these three days will range over the whole export effort at home and at the 63 posts abroad. Frank talk will be the order of the day; the Trade Commissioners and officers will be able to speak freely, as a man does in his own home. Lively arguments will probably spring up and new ideas be hammered out on the anvil of debate. One of the results will undoubtedly be an even closer liaison between the Department's staff at home and abroad. Current promotion methods and procedures will be examined and improvements sought. Rapporteurs will attend each session and will record the essence of these discussions.

It Is Worthwhile

The hard-headed businessman will recognize that the time and effort being spent upon organizing and carrying through this conference is worthwhile. To take a dollars-and-cents approach, suppose that about 100 small and medium-sized firms, employing 50, 150 or 200 people, each obtain $100,000 worth of export business as a result of information acquired and guidance given at this conference. Canada's export income rises by $10 million and this money finds its way into the pockets of many different Canadians. In addition, other companies already engaged in exports may be fired with new enthusiasm for expanding foreign sales.

The larger the number of businessmen who come to Ottawa in the week of December 4, the greater the effect of the conference will be. For, as the Minister puts it, "export sales are, in the final analysis, dependent on the interest, the energy and the initiative of private enterprise." ●

Where Canada Fits In

(in thousands of dollars)

	Our Exports to			Our Imports from		
	1958	1959	1960 (9 mos.)	1958	1959	1960 (7 mos.)
Argentina	6,506	7,089	11,127	5,436	3,432	1,469
Bolivia	439	338	211	134	168	155
Brazil	21,169	14,262	12,209	27,497	28,544	13,454
British Guiana	4,066	4,442	5,471	20,644	17,860	7,548
Chile	4,602	6,260	4,781	825	875	588
Colombia	13,865	17,693	12,476	16,584	15,847	7,130
Ecuador	3,209	3,882	3,211	4,967	7,638	6,326
Paraguay	184	121	58	347	746	462
Peru	11,501	11,697	5,521	2,354	4,007	978
Uruguay	939	1,683	1,659	841	658	386
Venezuela	43,655	46,008	26,036	209,590	204,697	109,744
Total	110,135	113,475	82,760	289,219	284,472	148,240

LEADING CANADIAN IMPORTS FROM SOUTH AMERICAN COUNTRIES

(in per cent)

	1958	1959	1960 (7 mos.)
Petroleum and fuel oils	72.2	72.2	73.4
Coffee, green	13.2	12.9	11.7
Sugar, raw, imported by refineries	3.2	2.6	1.6
Alumina and bauxite, for refining	3.2	3.1	8.3
Bananas	1.4	0.7	4.2
Total	93.2	91.3	99.2

LEADING CANADIAN EXPORTS TO SOUTH AMERICAN COUNTRIES

(in per cent)

	1958	1959	1960 (9 mos.)
Wheat, except seed	7.4	13.1	8.4
Flour of wheat	6.7	1.1	1.7
Milk powder, whole milk, condensed, evaporated	6.9	7.6	8.4
Aluminum in primary form and semi-fabricated	4.3	5.5	7.0
Wood pulp, sulphate kraft	3.1	4.7	3.6
Newsprint	10.9	8.0	12.6
Machinery and parts n.o.p.	9.1	1.9	1.5
Asbestos milled fibres	3.5	4.1	3.6
Total	51.9	46.0	46.8

SOUTH AMERICA'S TRADING PATTERN

U.S. and British competition in British Guiana presses Canadian exporters hard.

R. F. RENWICK, *Trade Commissioner, Port-of-Spain.*

ALTHOUGH British Guiana has a land area of 83,000 square miles, roughly equivalent to that of Great Britain, the travelled exporter knows it chiefly as a narrow coastal strip ten miles wide and 270 miles long. In this small part of the country (barely 4 per cent of the land area) live most of its 559,000 citizens. A great many of the people of East Indian origin, some 259,000, are employed on the sugar estates. Over 80,000 cultivated acres produce in a good year about 290,000 long tons of raw sugar, most of which is exported.

No report on the economy of or business conditions in British Guiana is complete without mentioning the estate, manufacturing, shipping, insurance and trading activities of Messrs. Booker Bros. McConnell & Co. Ltd. of London and Canada. One of the many firms n this group, Bookers' Sugar Esates Ltd., produces about 80 per cent of the country's sugar on its coastal-belt estates. The estates of the Demerara Co. Ltd. of Liverpool produce nearly all the remainder of he crop.

Another 160,000 low-lying acres along the coast which yield good quality rice complete the picture of British Guiana as an agricultural country. The growing is done mainly by East Indians on 21,000 plots of from two to fifteen acres. Nearly 6,000 tons are exported, solely by he British Guiana Rice Marketing Board and largely to West Indian markets. The country had a good ainfall in July and expects a record utumn rice crop.

Other agricultural production consists of tobacco, poultry, coconuts, coffee, cocoa and ground provisions. Herds of dairy cattle are kept on the coast and beef herds on the interior savannahs. Fisheries are important only for local consumption, though a new development is the shipment of fresh shrimp to the United States, the United Kingdom and the Caribbean hotel trade.

Forests and Mines

Forests cover about 70,000 square miles of British Guiana but only 20 per cent is now or expected to be accessible in the foreseeable future. Output of about 34 million board feet is mainly of greenheart, a heavy dense hardwood, eminently suitable for wharves, lock gates and piling.

Four different types of mineral deposits are worked—gold in small quantities, diamonds, manganese, and bauxite. Manganese mining is just beginning; a subsidiary of Union Carbide of the U.S. made its first bulk shipment in August. Bauxite far overshadows the others in importance. The Demerara Bauxite Company (DEMBA), an Aluminum Company of Canada subsidiary, has its company town and operations at Mackenzie, located 60 miles up river or over a barely negotiable road south from Georgetown. Peak production was reached in 1952, when 2,285,960 tons of bauxite were exported from Mackenzie and from Reynolds Metals' much smaller operations; currently production totals about 1,675,000 tons a year. Bauxite mining with its large payroll and its tax returns to the Government amounting to one-fifth of total revenues is thus an important factor in British Guiana's prosperity.

Foreign Trade

The value (c.i.f.) of all goods imported reached $110.6 million in 1959 and domestic and foreign produce exported was valued at $103.5 million. The accompanying table shows the balance of visible trade over the past six years.

Before World War II, British Guiana normally had an export surplus. Since that time, heavy overseas investment from the United Kingdom and Canada and expansion of private ventures in the country have, with the exception of 1954, led to

BRITISH GUIANA'S IMPORTS AND EXPORTS

Year	Imports	Exports	Balance of visible trade
	(in thousands of West Indian dollars)		
1954	$79,970	$ 85,404	+$ 5,434
1955	94,518	90,533	— 3,984
1956	99,877	94,692	— 5,185
1957	118,469	108,086	— 10,384
1958	116,026	97,228	— 18,799
1959	110,620	103,530	— 7,100

Source—*External Trade 1959*—Department of Customs and Excise, Georgetown, British Guiana.

Note: unless otherwise indicated, values W.I. dollars=Canadian 56 cents.

an excess of imports over exports in commodity trade. British Guiana has depended on foreign factories to produce the capital goods required in relatively small volume to step up production of its mines, forests and slowly developing industries.

U.K. Chief Trade Partner

Over the past five years, 44 to 48 per cent of British Guiana's imports have come from the United Kingdom. Last year the figure was 45 per cent. The United States is the second most important source of imports, supplying $15.2 million worth, or 14 per cent, of all imports in 1959. Trinidad has recently become the third ranking supplier ($11.1 million). Canada ranks fourth both in absolute values (see table page 7) and in share (8 per cent, up from 7 per cent in 1958 and roughly comparable to the 9 per cent standing in 1957). West Germany, the Netherlands and Japan are other important suppliers.

Last year the United Kingdom, the largest buyer of British Guiana's products, took about 41 per cent of total exports (48 per cent in 1958). This drop was the result of a decrease in shipments of unrefined sugar which were valued at only $33.4 million in 1959, down from $38.2 million in 1958. Rum, diamonds, timber and bauxite are other important commodities shipped to this market.

Imports of B.G. bauxite into the United States were valued at $6.2 million in 1959; timber and diamonds are also prominent in this U.S. trade. Exports to the United States last year were up 52.8 per cent over 1958 but still totalled only $9.0 million. The United States is British Guiana's third best customer, Trinidad the fourth.

Canada Is Second Market

As shown in the accompanying table, Canada is an important market for British Guiana's raw sugar, sugar products and bauxite. According to statistics issued in the capital, Georgetown, (population 120,000), sales to Canada amounted to $30.7 million in 1958 but fell to $28.4 million in 1959; nevertheless, they represented 32 per cent (1958) and 28 per cent (1959) of all exports from the Demerara coast. Last year unrefined sugar and bauxi were nearly equal in this trade b bauxite is surging ahead and promises to be the principal export i the near future.

Within the year, ALCAN expec production from its new $42-millic mill to reduce bauxite to alumin much of which will go to Arvid Alumina, a less bulky but mo valuable cargo, will be prominen in future export returns and wi give Canada's imports from B.C a fillip.

Trade Controls

With numerous exceptions, Canadian exports to British Guiana a subject to a 20 per cent ad valore (c.i.f.) British preferential rate duty, compared with a gener tariff of 36 per cent. The remainin import controls, applicable main to dollar goods, have caused difficu ties for some Canadian garment e porters. However, an Open Gener Licence brought into effect in Ju 1959 freed most imports into Britis Guiana and there was furth liberalization of trade in July 196 when imports even of luxury aut mobiles from the U.S. and Canad

Two vessels of Saguenay Shipping Ltd., of Canada, load bauxite at the docks in Mackenzie, British Guiana, 60 miles up the Demerara River. Mined by an Alcan subsidiary, the bauxite will move to the big Alcan plant at Arvida. Bauxite mining means money to the colony, both in wages and in tax returns that represent one-fifth of total government revenue.

CANADIAN EXPORTS TO BRITISH GUIANA

	1957	1958	1959
	(thousands of Canadian dollars)		
Total exports	$5,069	$4,066	$4,442
Of which:			
Dried pollock	381	506	540
Wheat flour	271	409	489
Split peas	282	260	289
Tobacco	178	229	263
Potatoes	102	192	170
Sardines	126	149	170
Pickled pork	78	115	146
Mining machinery and parts	243	19	144
Newsprint	111	99	129
Planks and boards	171	91	82
Medicinal preparations	80	69	78
Cotton fabrics	141	119	78

CANADIAN IMPORTS FROM BRITISH GUIANA

	1957	1958	1959
	(thousands of Canadian dollars)		
Total imports	$21,003	$20,644	$17,860
Of which:			
Sugar (raw, imported by refineries)	10,769	9,758	7,794
Bauxite alumina (refining)	6,146	7,623	6,929
Alumina and bauxite, n.o.p.	2,807	1,737	1,801
Rum	559	957	731
Molasses	566	429	524

Source: DBS.

vere decontrolled. Canadian wheat lour is subject to import licensing, ut only to ensure that Canada aderes to its bargain in the Interational Wheat Agreement.

rice Competition

The British Guianese have, over he past six years, been able to urchase increasing quantities of nported goods of all kinds. However, total Canadian sales to British uiana have not shared in this inrease. Canadian export merchants ave not been able to quote the ompetitive prices required if they re to maintain their relative sales osition. Exports of staples such dry heavy salted pollock from alifax, sardines, pickled pork, and bacco have steadily increased over e past three years. On the other and, split peas, potatoes, newsprint d mixed feeds show no discernible end either up or down. This situaon is due in part to food importers ho have sources of supply in more than one country for the same commodity. Orders are placed with the cheapest source with little or no sales drive on behalf of a particular principal, even though the arrangement may be an exclusive sales agency. In this event, the exclusive agency agreement is one-sided with, for example, a Canadian potato exporter agreeing to offer through only one Georgetown agent. The sales agent, in turn, will probably rely on this exclusive connection for Canadian potatoes, but may nevertheless place a given order with a Netherlands potato exporter with whom he also has an exclusive sales-agency agreement.

Flour Market Shrinks

At one time, wheat flour was by far the most important Canadian product sold to B.G. A decade ago Canadian mills supplied 90 per cent of the flour market, currently valued at $4.6 million. At present, United States flour mills obtain 70 per cent of the business and Canadians 24 per cent. Over the past three years, our sales have improved from the very low level reached in 1957 but wheat flour has not regained its former prominence.

Georgetown agents are actively attending to their expanding market for flour. However, many agents represent U.S. as well as Canadian mills. Thanks to U.S. Government subsidies applicable to U.S. offshore wheat and flour sales, agents have taken the line of least price resistance and have more often booked their orders with Minnesota or Texas exporters. Some Demerara bakers do appreciate the qualities of Canadian hard wheat flour and purchase part of their needs on considerations of quality and price. However, the majority of British Guiana bakers and produce importers are more apt to be influenced by price, to them the chief factor in their trade.

In 1959, Canadian exporters sold a wide variety of consumer goods, produce, and manufactured foods, but the chief characteristic of these sales was the very modest values involved. As shown in the table, 12 export items—ranging from a total value of Can.$540,000 down to $78,000—account for 59 per cent of all our exports. About 340 of the remaining classifications of goods share the balance of Can. $1,864,000. Customs returns of Can.$50, $63, $70 and $125 are not uncommon.

Sales of evaporated milk, cured hams and shoulders which materialized in 1960 are some evidence that there is a market in British Guiana for higher-priced groceries, but on the whole importers have been obliged to concentrate on the least expensive foods and consumer goods. Consequently their current interest is centered mainly on being introduced to Canadian suppliers of potatoes, onions, canned sardines, salted fish and pickled meats, who for the most part have been represented in British Guiana for many years. ●

Venezuela still gripped by recession but continues with big development plans.

W. D. WALLACE, *Commercial Counsellor, Caracas.*

VENEZUELA is still suffering from the recession that began in 1959. Declining revenues from the oil industry (the backbone of the economy), a depressed construction industry, import restrictions, unemployment, and an over-all lack of confidence in the economy have slowed up business activity. There has been a large flight of capital from the country, reflected in the fall in international reserves to Bs. 1,953.5 million on August 31, 1960, from Bs.2,849 million on August 31, 1959. In the same period, bank deposits dipped by Bs.1,274 million to Bs.3,936 million, and bank loans and investments by Bs.700 million to Bs.4,273 million.

Although Venezuela's internal financial position remains unsatisfactory and the general credit position is tight, measures have been taken to bolster the economy. A tight fiscal policy has been followed and the 1960-61 balanced budget of Bs.5,500 million was reduced by Bs.795 million on the expenditure side from a year ago. The country has been successful in arranging for a number of loans and credits, including $200 million from a consortium of New York banks and one Canadian bank earlier this year. This will not only improve Venezuela's financial position, but will be used for urgently needed housing, communications and irrigation projects. A standby credit of $100 million is also expected from the IMF, contingent upon Venezuela increasing its contribution to the Fund from $15 to $225 million. Recently an $80 million loan, of which only $30 million was used and then repaid, was arranged with a group of New York banks. This was repaid from the proceeds of Government Tax Anticipation Bonds taken up by the foreign oil companies to the extent of $100 million.

Venezuela recently decreed that the sale of foreign exchange will be controlled effective November 8 and that there will be no change in the value of the bolivar; regulations will be issued in the near future. Foreign exchange will be allowed for all normal business requirements, as well as reasonable amounts for other purposes. For merchandise imports on open account the new law stipulates that importers must deposit up to 20 per cent of the value of the foreign exchange requested, and for imports requiring advance deposits and letters of credit, the deposit will be up to 40 per cent.

Goals of Development Plan

In April the President announced that a Four-Year Plan would be put into effect on July 1. The plan, which is still in its initial stages, is a master outline for the continuous development of the economy and is centralized under CORDIPLAN, the presidential co-ordination and planning agency. One additional year's program will be added to the plan every year to provide a continuous course of action for four years. The plan is based on Venezuela's large oil income and on making efficient use of it. It authorizes expenditure of $7.8 billion over the next four years, which will bring the gross national product to about $10.7 billion compared with the present $7.4 billion.

Under the plan, it is expected that in the next four years oil production will increase from 149 bi lion metric tons to 174 billion, irc ore production from 18.5 millic metric tons to 25 million, steel prc duction from nil to one million ton and aluminum production from n to 25 million. In electrical energ power consumption will be raise to 6,797 billion kwh., compare with the present 3,300 billion. Th will mean a further expansion o the electrical potential of the Caro River, estimated at 17 million kwh and will include construction of th Curi Dam which by 1964 shoul provide another 1.5 million kwh. c cheap electrical energy. The pla also authorizes expenditures for ed cation, hospitals, housing and com munications. In conjunction wit the Agrarian Reform Program, it expected that the plan will hel bring about a substantial increase i agricultural acreage and eventual a larger output of meat, milk, cor tobacco, cotton, sugar and sesame.

It is thus in the fields of electric energy and agriculture that oppo tunities lie for Canadian exporte of engineering services, electric machinery and agricultural equip ment.

Tariffs Protect Industry

Venezuela continues to follow policy of diversifying industry to re duce dependence on oil revenues. welcomes foreign capital for de velopment of new industries an expansion of existing ones. It en courages private industry to tak part in the industrial development the country, offering tax conce sions, credits, and tariff and certai other forms of protection. In add tion, the Government is developin

The Venezuelans pictured here are doing their shopping at one of the stalls in the "free market" in Caracas. Although they are not displayed here, Venezuela buys fresh pork, bacon and hams from Canada, as well as other cooked meats and canned salmon.

tate-owned and operated petrohemical and steel plants, as well as national oil company.

During 1960, additional products vere added to the restricted import ist and those which are of interest o Canadian exporters include eggs n the shell; metal furniture; aluninum extrusions, profiles, bars, eams, angles, tubing and window rames; automobile tires and tubes; vire netting; plastic foam and lastic insulation sheets, plastic les; raw hides and leather; preabricated structures; plywood; rtificial thermoplastic and thermoetting resins, and starch. In some nstances, it has been found that the nport restrictions have not had the esired effect and there is some esitation about imposing many nore. Restrictions on plastic tiles nd plywood, for example, are subct to review every three months.

A number of producers of texles, tires, paper, and animal feeds ave been boosting production apacity, and many new industries ave been established this year. mong them are factories for glass, nned foodstuffs, powdered milk, tomobile parts, lubricating greases d plastic products. It is expected at the Government will soon give nal approval to the Reynolds Aluminum Company to begin making aluminum and products in this country.

Farm Output Up

The Government's Agrarian Reform Program, which began in 1959 and was extended in 1960, has improved crop production in Venezuela. This has been partly offset, however, by insufficient labour to obtain a complete harvest and by inefficient marketing. According to the Ministry of Agriculture, production of crops in 1960 is estimated at 2.4 million metric tons, against 2 million in 1959. The crops will be supplemented by 600,000 metric tons of imported foodstuffs, mainly powdered milk, eggs, meat, copra, and corn, compared with 753,000 metric tons in the previous year. In addition, about 170,000 metric tons of wheat and some 6,000 metric tons of specialty flours will be imported to meet present consumption.

The program is being followed vigorously and government planners expect that many more people will be placed on farms. State agencies are providing credits and loans for developing land, buying stock and seed and building access roads, and also for housing, farm equipment and irrigation.

Highlights of the petroleum industry in Venezuela, the world's second largest producer of crude oil, during the current year have been increased production, higher operating costs, a decline in exploration, loss of the Cuban market, and dropping world prices. The Government has tried to persuade the oil companies to maintain posted prices; its announced policy is not to permit them to grant discounts greater than 5 per cent below posted prices, this reduction only to be allowed in certain specific contracts. Another development of interest has been the formation of the National Petroleum Corporation. This government company is expected to start operating about the end of 1960 and will engage in exploration, production, refining, and distribution of petroleum and products in domestic and foreign markets.

Venezuelan petroleum output averaged 2.8 million barrels a day during the first nine months of 1960, compared with 2.7 million in the same period of 1959—an increase of 3.9 per cent; this is close to the Government's goal of 4 per cent for the whole year. As a result of the discouraging tax situation and the fact that oil companies will not be granted further concessions during the present government administration, there has been a drastic curtailment of exploration. In the current year, 244 new wells have been drilled and 44 rigs are in operation; in 1959, some 550 wells were drilled and 50 rigs were in operation; in 1958 the figures were 1,150 and 118.

Large world surpluses of oil, declining world prices and the loss of the nearly Bs.200 million Cuban market (76,000 barrels per day) have severely affected the local industry. This, plus the new labour contract that will cost producers about Bs.500 million over the next three years, is cutting oil revenues this year to both the industry and government; the Government's share, in fact, will be an estimated 7.4 per cent below 1959. In that year, net revenues to the industry declined to Bs.1,344 million from Bs.1,616 million in 1958, and income to the Government slumped to Bs.2,806 million from Bs.3,067 million.

Iron ore production and exports are climbing substantially and for 1960 output should reach 19.6 million tons, against 17.4 million in 1959. At present almost the entire output is exported and it is expected that government income from this source will be close to Bs.110 million for 1960.

Canadian Exports Slump

Venezuela's exports in 1959 rose over 1958 and imports fell slightly, as shown in Table I. No complete trade statistics are available for 1960, but it is estimated that exports will be near the 1959 level and that imports may decline from 20 to 25 per cent. Imports from Canada, accounting for 3.1 per cent of total imports in 1959, showed a gain of 4.5 per cent over 1958. Canada thus held its position among leading suppliers. The United States is in first place with 53 per cent of total imports, followed by West Germany with 9.3 per cent, the United Kingdom 7.1 per cent, and Italy 5.4 per cent.

I—VENEZUELA'S FOREIGN TRADE

	Exports	Imports
	(Bs.'000)	
1957	7,928,361	6,140,318
1958	7,776,875	4,798,126
1959	7,938,008	4,742,163

Reflecting the unsettled economic conditions in Venezuela during 1960, Canada's foreign trade with this country is declining sharply. Table II shows that Canada's exports have dropped 22 per cent below those of 1959 and imports 12 per cent. Shipments from Canada reached a peak of $46 million in 1959, but for the first eight months of 1960 they totalled $23.8 million against $30.4 million in the same period of 1959.

II—CANADA'S TRADE WITH VENEZUELA

	Exports to	Imports from
	(Can.$'000)	
1957	39,844	208,401
1958	43,654	209,590
1959	46,007	204,697
1959	30,492 (8 mos.)	106,712 (6 mos.)
1960	23,836 (8 mos.)	94,087 (6 mos.)

Agricultural products continue to account for the biggest share of our exports to Venezuela. During the first eight months of 1960 compared with the same period last year, significant gains were recorded in exports of wheat ($3.5 million to $4.1 million), skim milk powder ($125,000 to $335,000), seed potatoes ($196,000 to $348,000), malt ($269,000 to $333,000), and whole milk powder ($5.1 million to $5.2 million). These, however, were more than offset by declines in shipments of eggs in the shell ($3.3 million to $1.3 million), wheat flour ($658,000 to $14,000) and oats ($348,000 to $203,000).

Industrialization in Venezuela has lessened demand for a number of important Canadian commodities. Our sales to Venezuela have declined for cellulose products, automobiles, lumber, synthetic resin manufactures, copper wire, copper tubing, and drugs and chemicals. On the other hand, there have been gains for transformers, synthetic rubber, asbestos milled fibres, semi-fabricated aluminum, synthetic fibres, threads and yarn, and domestic washing machines.

On the import side, crude petroleum and products from Venezuela dominate the trade and in fact account for most of it. Shipments of crude petroleum and products to Canada in 1959 totalled $204 million, followed by green coffee at $333,000, and cocoa beans at $166,000. During the first six months of 1960, our imports of crude petroleum and products were valued at $94 million, green coffee at $148,000, and cocoa beans at $40,000.

Future Hopeful

The swing to industrialization, the Four-Year Plan, and the Agrarian Reform Program offer a number of opportunities for increasing exports to this country. Although the Venezuelans will be importing fewer luxury goods, this will be more than compensated by growing demand for raw materials, industrial equipment and non-luxury consumer goods. Competition in this unrestricted dollar market from major suppliers such as the United States, the United Kingdom and West European countries will continue to be keen. Nevertheless, aggressive Canadian exporters who can offer competitive prices, liberal credit terms and personal salesmanship should be able to increase their share of the Venezuelan market.

Things to Come

An up-to-date report on trade controls affecting Canada's exports to the South American countries will appear in our December 17 issue. We hope also to publish an article on business conditions in Argentina, which was not received in time to be included in this number.

Tight credit has slowed up business in Colombia but some expansion apparent now.

J. H. BAILEY, *Commercial Secretary, Bogotá.*

IN September 1959 the appreciation of the Colombian peso by 12 per cent in terms of the U.S. dollar showed in a striking way the resurgence of the Colombian economy after the severe financial troubles that faced the country at the end of the dictatorship. Three years ago, Colombia owed a commercial debt abroad of more than $493 million. By June of 1960, this debt had been reduced to $154 million and all foreign obligations, both old and new, were being met regularly. In addition, foreign exchange reserves had increased from $165 million in June 1957 to $205 million in June of 1960.

The gross national product has made substantial gains in the past two years and will probably reach a new high in 1960. The rate of increase was 2.3 per cent in 1958, 5.9 per cent in 1959, and estimates based on the figures for the first six months of 1960 indicate that the Government's target, an 8 per cent increase, will be attained this year.

The national income has also continued to expand, with a 10.8 per cent rise in 1958 and 13.0 per cent in 1959. The same rate of progress is expected in 1960. The main qualification of these figures, from the point of view of the expansion of the broad base of this market, is that the workers' share of the national income has actually fallen slightly, in spite of the fact that they are earning more money.

Credit Restrictions Eased

The credit restrictions and other austerity measures that were introduced to place the economy on a sound basis and brought a return of confidence to the business community (with the result that Colombian capital was repatriated and new foreign capital invested), began to be criticized in 1960 by business as too severe. Faced by this criticism and a slowing down of business during the first six months of 1960, the Government announced a series of measures to "prime the pump":

- In May a change was made in the 1958 regulations that had frozen the earning assets of banks at the 1958 level; this freed about $20 million for new bank lending.
- At the end of June, import deposits, which range up to 130 per cent of the value of the goods, were returned to importers 45 days after the goods were cleared from customs instead of 90 days as in the past. This was expected to release over $70 million which had been frozen under the previous deposit system.
- In July the deposit requirements were reduced for a range of products (mainly raw materials). This too was expected to give a further impetus to the economy by easing the credit situation.

Coffee Surplus

Another continuing worry is the coffee surplus. In spite of strenuous efforts at diversification, coffee is still Colombia's main industry and the revenue from it continues to decline, as the table below reveals.

As a direct result of this decline in coffee revenues, plus the increase in imports mentioned later, Colombia has had a trade deficit of more than $10 million a month for the first seven months of the year. This is one reason why foreign exchange reserves began to decline after the first six months and totalled $178 million at the end of September as against the peak figure of $205 million in June. There does not seem to be much chance of solving this coffee problem in the near future and Colombian revenue next year may not improve very much.

During 1960 the country for the first time produced an exportable cotton surplus, but because of the high cost of production the Government had to subsidize these exports.

The only other product that might become a substantial export is sugar. It is expected that sugar production will increase sufficiently to permit the export of about 25,000 tons next year.

Industrial Development

In October 1959 the Government announced that it would follow a policy of "import substitution" and the effects of this policy became

COFFEE PRODUCTION AND SALES

Crop year (ends in June)	Production	Exports	Value (millions of U.S. dollars)	Average price (U.S. cents per lb.)
	(millions of sacks)			
1957-58	7.5	4.90	415	58.16
1958-59	7.4	6.17	395	48.64
1959-60	7.0 (est.)	6.02	360	45.07

apparent during 1960. The offering of protection against imports brought a rise in domestic and foreign investment in new plants and equipment. Canadian firms, for example, are currently building a tissue mill and an aluminum rolling mill; United States companies are building electrical equipment, pharmaceutical, corn syrup, fertilizer, chemical and many other factories; European companies are investing in plants to manufacture automobiles, cigarettes, electric cables, batteries, plastics and other products. In addition to participation in many of the above foreign investments, Colombian capitalists are setting up new factories and expanding old ones to turn out a wide range of consumer goods.

COLOMBIA'S TRADE

	1958	1959	1960*
	(millions of U.S. dollars)		
Imports into Colombia			
Transportation equipment	45.1	83.3	94.4
Capital equipment	63.6	98.9	133.2
Consumable materials	138.0	158.5	185.6
Miscellaneous	29.8	36.4	18.8
Total	276.5	377.1	432.0
Exports from Colombia			
Coffee	350.6	370.6	306.0
Other products	18.7	23.1	26.4
Total	369.3	393.7	332.4
Trade surplus or deficit	+ 92.8	+ 16.6	− 99.6

*Estimates based on figures for first six months for imports and on the first eight months for exports.

Imports and Aid

Early in the year the Minister of Finance stressed that the country could safely absorb imports of $34 million a month. For the first eight months of the year, imports have fluctuated between $31 and $42 million per month and the monthly average has recently crept up to $36.40. During this time exports have been running at about $25.50 a month. This trend, if it continues, will lead to a trade deficit of approximately $100 million for 1960. The accompanying table shows the trade picture for the last three years.

It is doubtful whether Canada's sales to Colombia in 1961 will reach the high of $17.7 million established last year. The reasons are twofold: first, some of our major exports to Colombia (such as malt, fertilizers, electrical equipment and chemicals) will be replaced by domestic production; second, th Colombian Government is divertin more and more purchases to coun tries outside the North America area and using barter arrangement to encourage sales of coffee an cotton to Japan and a number o countries on both sides of the Iro Curtain in Europe. Unless th Colombians revoke this policy, th only hope of recovering some o these losses lies in increased sale of our forest products and capita equipment. Another new factor— Canadian export that will not appea in trade statistics—is the possibilit of selling engineering services t Colombia as a result of a visit o the mission of Canadian consultin engineers to this country early i October.

At a coffee mill in Ancon, Colombia, an employee operates a grating machine. Coffee continues to be the country's main industry and lower prices on world markets this past year have reduced its export income, brought a trade deficit.

In considering the sale of capita equipment and engineering services however, it should be noted tha some of the recent developmen loans made to Colombia exclud Canadian participation. It wa recently stated in an Export-Impo Bank and Development Loan Fun announcement from Washington for example, that a loan of $7 million that these organizations ar making to Colombia for road building, rural settlement, municipa waterworks, etc., is to be used t acquire U.S. equipment, material and services. Other loans bein made include $25 million and $1 million by the World Bank for th

National Railways and the expansion of the Paz del Rio steel mill, and $25 million by the Development Loan Fund for the improvement of living standards and for agricultural reform. These are in addition to previous loans totalling $95.3 million made during the past year for various projects (hydro development, highways, railways, etc.) requiring capital equipment and engineering services. ●

Ecuador's economy continues sound. Canada appoints honorary commercial agent.

J. H. BAILEY, *Commercial Secretary, Bogotá.*

ECUADOR'S business community is showing a certain amount of caution this year as a result of the change in Government. (Dr. Velasco Ibarra was elected to the Presidency in June and took office in September.) This uncertainty, however, did not cause a decline in imports; these have in fact increased by $50.6 million, or 38 per cent, during the first seven months of 1960. Exports rose by only 9 per cent during the same period and Ecuador will have an unfavourable trade balance this year. Foreign exchange reserves may decline although on June 30 they totalled more than $29 million, an increase of 26 per cent over the same period last year.

Emphasis on Agriculture

Ecuador is not promoting industrialization vigorously. The Government feels that the standard of living of the masses, who depend on agriculture, will improve more rapidly and effectively if it concentrates on boosting agricultural production. This policy seems to be paying off; during 1959 net national income is reported to have increased by 4 per cent to $620 million and population by only 3 per cent to about 3.5 million. If this rate of improvement can be maintained in 1961 and the new Government does not encounter any unexpected obstacles, Canadian exporters should be able to make larger sales in this small but expanding market.

ECUADOR'S AGRICULTURAL PRODUCTION

	1958	1959	Per cent increase
	('000 tons)		
Rice	62.0	78.0	26
Wheat	38.0	47.0	24
Sugar	87.0	100.0	15
Malt	2.5	5.9	135

Total crop and livestock production last year was valued at $210 million, an increase of 6.2 per cent over 1958. Agricultural exports to date in 1960 (mainly coffee, bananas and rice) have risen by 9 per cent and it is expected that over-all agricultural output in 1960 and 1961 will progress at least at the same rate as last year.

CHIEF CANADIAN EXPORTS TO ECUADOR

	1959	1960 8 months
	('000 Can.$)	
Wheat	1,633	1,559
Newsprint	320	270
Prepared cereals	75	162
Tires and tubes	138	155
Bond paper	51	99
Marine engines	26	66
Office machines	32	21
Machinery and parts	55	7
Automobiles	16	14
Aluminum products	16	22
Copper products	34	19
Asbestos products	19	29
Drugs	10	10
Total	2,598	2,580

Canadian Sales Steady

The accompanying table shows major Canadian exports to Ecuador during the first eight months of 1959 and 1960. With the exception of wheat and newsprint, our sales have risen by over 16 per cent during this period. Declines in wheat and newsprint (which normally account for about two-thirds of our trade with Ecuador) and in a number of other products have brought our over-all exports down slightly. However, wheat shipments are expected to improve considerably before the end of the year (unfortunately, newsprint sales will not be so buoyant because of competition from Chile) and our exports to Ecuador for the year should total close to the $3.8 million of 1959.

By the appointment in September of a leading businessman in Guayaquil as Canada's Honorary Commercial Agent in Ecuador, the Canadian Government hopes to assist exporters in regaining and improving their normal share of this market. ●

Stronger currency in Peru, bigger exchange reserves, improve sales outlook.

W. J. JENKINS, *Assistant Trade Commissioner, Lima.*

PERU has regained and should retain economic and monetary stability, from the economist's point of view. Although this stability is partially the result of favourable circumstances, the Peruvian Government is justified in pointing to its sound policy as the major reason. The Peruvian currency has been stable or strengthening in value for more than a year, reserves of foreign exchange are increasing, the volume of foreign trade is greater than in the record year 1957, the balance of payments is favourable, consumer prices have been relatively stable, and for the first time since 1955 the Government is predicting a balanced budget. All exchange and import controls have been removed and the Government is looking to new measures to encourage foreign capital to establish new industries.

The Other Side

All the developments listed above promise prosperity. But an honest assessment of business conditions here must include an appreciation of several unfavourable factors that have deep roots. Despite the economic stability, political unrest is increasing. This is particularly significant because it is occurring when prices are not rising and when unemployment has apparently not increased. The agitation has undoubtedly been accentuated by events in other parts of the hemisphere and, of course, Peru has an enormous social problem. Over half of the population lives at little better than a subsistence level and among the remainder there is a tremendous disparity in the distribution of income.

The Government recognizes this problem and sent an agrarian reform bill to Congress this year. It has also begun low-cost housing schemes. However, until this social problem is solved there are obstacles in the way of long-term economic stability.

Monetary Stability

Since July of last year, when the Peruvian currency reached its lowest exchange level, confidence has been regained and the Peruvian sol has been strengthening or stable. Last May the Government established a completely free exchange market by no longer requiring exporters to surrender foreign exchange to the Central Bank. Peru's Premier and Minister of Finance, Pedro Beltran, believes in a free economy and it is highly probable that there will be no exchange and import controls as long as he is in office. Foreign exchange reserves reached approximately $50 million at the end of August 1960, compared with $16 million a year ago.

From mid-1959 until the middle of this year, the money supply increased by 21 per cent and during the first eight months of this year bank deposits expanded by 17 per cent and loans by 15 per cent. A contraction in Central Bank loans offset these increases to some degree, as did a government regulation requiring the commercial banks to hold 100 per cent cash reserves. Interest rates remain high, between 15 and 20 per cent.

Balanced Budget Predicted

The 1961 draft budget, at about $335 million (dollar equivalent), entails a 15 per cent increase in government spending but for the first time in six years it is balanced. Although the national income is expected to continue rising, thus providing more government revenue, the Government has requested Congressional approval of additional taxes. Among these is an extension for three years of the temporary surcharges on non-essential and luxury imports.

In September the Treasury redeemed its first series of six-month bonds, valued at approximately $4½ million. The second series, issued for a like amount with a maturity of nine months, is due in December. This is the first time that government bonds have been floated in Peru.

Final figures for the 1959 budget were recently released. They showed that while revenue increased by 23 per cent over the previous year, expenditures rose 17 per cent and this led to a deficit equivalent to about 20 per cent of revenue. The major part of this deficit was financed through Central Bank credit.

Public Investment Declines

A disconcerting factor is the marked decline in public investment. When one compares government spending from 1956 to 1959, it appears that the Government's role in the development of the country has been declining in favour of the constant growth of bureaucratic expenditure, which is absorbing 80 per cent of annual revenue. In 1959 the Peruvian Government's capital investment totalled only $34.5 million, compared with $62.8 million in 1958 and $91.5 million in 1957. This was equivalent to only 13 per cent of total expenditures in 1959, as against 23 per cent in 1958, 28 per cent in 1957, and a high of 38 per cent in 1955. This means that the Government will have to rely increasingly on foreign loans or investment for development projects. The external public debt at the end of 1959 stood at about $157.2 million.

Remarkable Increase in Exports

Peruvian exports increased by a remarkable 42 per cent during the first eight months of this year compared with the similar period in 1959; they totalled $269 million, a rise of $80 million. At the same time, imports ($245 million) were at record-breaking levels, and increased by U.S.$52 million, or 27 per cent, over the eight months of last year. The trade surplus for this period was $24 million, compared with a deficit of $5 million at the end of August 1959.

Because cotton and sugar shipments declined, the aggregate value of Peru's principal agricultural exports decreased during the first half of 1960 by $2.6 million (5.3 per cent) to $46.8 million. But when the United States abolished the Cuban sugar quota this year, Peru's quota increased from 86,661 metric tons to about 250,000. Because of the premium price paid by the United States, this further quota will provide Peru with an additional $7.9 million a year in foreign exchange. This will offset the recent drop in cotton prices.

The 1960 cotton crop is good and has probably set a new record; t should exceed last year's harvest by about 4 per cent. Sugar is also xpected to establish a new record —786,000 metric tons, or 11 per cent, above last year. The 1960 cofee crop is estimated at 33,120 metric tons, 20 per cent greater than n 1959. The forecast for the 1960 rice crop is excellent.

The most striking feature of Peru's exports this year is the specacular growth in mineral shipments. At mid-year the combined value of mineral exports totalled $85 million, 93 per cent higher than the shipments made during the same period of 1959. Copper sales rose by $28.3 million alone, this because the Toquepala project in southern Peru came into production. Iron exports grew by almost $10 million and the value of lead, zinc and silver exports increased slightly.

The largest mining company in Peru, the Cerro de Pasco Corporation, plans to increase its refining capacity from 32,000 to 52,000 short tons next year. This will also add to Peru's foreign exchange earnings, because a larger portion of Peruvian zinc production will be exported in refined form. During the first half of this year, exports of petroleum products totalled $7.1 million, an increase of $2.5 million.

Within a few years, the Peruvian fishing industry has risen from insignificance to become one of the principal export industries and now ranks fifth among world producers; the fishmeal industry is now the world's largest. Exports of marine products during the first half of 1960 increased 48 per cent (or $9.6 million) over sales for the same period of last year. Shipments of fishmeal, which makes up 80 per cent of these exports, increased by $9.4 million, and fish oil by $800,000. Sales of frozen and canned fish declined $400,000. Peruvian production of fishmeal will probably reach 600,000 metric tons this year, which is considerably below the industry's capacity. There are 106 fishmeal plants along the Peruvian coast but it is probable that the present extremely low price of fishmeal will force some of them to close this year.

Imports High

Imports are increasing; they totalled $245 million at the end of the first eight months of this year, an increase of $52 million, or 27 per cent, over the same period of last year. Purchases abroad had declined in 1959 and 1958 from the record $400 million in 1957.

No detailed figures are available for this year but in 1959 one-quarter of Peru's imports consisted of machinery. Foodstuffs, fats and oils accounted for 16 per cent and chemicals and pharmaceuticals for 13 per cent. Transportation equipment and minerals and manufactures of minerals both made up 10 per cent. The United States supplies almost half of Peru's imports, although her large share of the market is gradually declining. Canada is Peru's fifth supplier, following the United States, Germany, Britain and Argentina.

The state of Peru's manufacturing was briefly outlined in the October 8, 1960, issue of *Foreign Trade*.

The volume of Peruvian manufacturing output expanded 4 per cent during 1959 and it is probable that the expansion in 1960 has been even greater. With the start of local production of ammonium, nitric acid, ammonium sulphate and nitroglycerine, and the growth in the manufacture of chlorine, superphosphates, caustic soda and sulphuric acid, the output of basic chemicals rose 50 per cent in 1959. The production of fabricated metal products increased 20 per cent and Peru's steel mill more than doubled its output. Paper and cardboard production rose 18 per cent to 42,000 tons, the manufacture of processed foods 12 per cent, and wearing apparel 7 per cent; output of beverages decreased 2 per cent. The textile, leather, pharmaceutical and lumber industries during 1959 produced about the same as in 1958. Rubber manufactures (80 per cent tires and inner tubes) declined 10 and cement production 6 per cent.

New Industries Wanted

The Peruvian Government is anxious to attract new industries and passed an Industrial Promotion Law late in 1959. But until the regulations implementing the law were published in June of this year, investors could not take advantage of it. Consequently it is too soon to judge its success, although some changes are practically inevitable. During the year, the Peruvian Government engaged a U.S. firm to recommend changes in the Industrial Promotion Law and to publish a study that would provide foreign investors with a list of industrial opportunities in Peru.

The Industrial Promotion Law provides that new industries will receive adequate tariff protection. To date no import taxes have been increased as a result, and when a local fertilizer manufacturer recently requested a tariff increase he met severe opposition from the agricultural association.

Free Trade Association

Peru was one of the seven South American countries that signed a treaty in February that would make Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay a free trade area. The contracting parties agreed to eliminate within 12 years all duties and restrictions on imports originating within the member countries. The Latin American Free Trade Association only comes into effect 30 days after three signatory countries ratify the treaty and because of this, it is probable that it will not enter into force before the first quarter of 1961.

The Peruvian Congress has not ratified the treaty nor is it likely to do so during the present session of Congress. The general attitude of the Peruvian business community towards the Association is an uninterested one and there is probably more opposition to than support of it. The Government has begun preparing a list of commodities on which it will negotiate tariff concessions for the first year the treaty comes into force.

Large Credits for Housing

In July, Peru received credits of $28.2 million from the Export-Import Bank and $25 million from the Development Loan Fund. Of these, approximately $33 million will be used to construct penetration roads into the Peruvian jungle areas and $10 million will be reloaned to the people who are expected to colonize the regions opened up by the new roads. A credit institution for the granting of housing loans will receive about $7 million and the remainder of the loans will be used to increase the capital of the state Industrial Bank. Peru will also participate in the new mutual aid program proposed by the United States involving an initial allocation of $500 million for loans to Latin America. Several U.S. housing experts have recently been studying conditions in Peru.

Canada Doing Well

Canadian exports to Peru totalled $4.3 million during the first half of this year, compared with $4.7 million for the same months of 1959, a decrease due entirely to a drop in our wheat sales. (Argentina had a good crop of high-quality wheat and Peru bought some of its supplies there.) When wheat, which is our major export to Peru, is not considered, the picture changes entirely. During the same period, our exports to Peru of all commodities except wheat increased from $2.7 million to $3.6 million, or more than 30 per cent, because of expanding sales of many products, particularly steel, wood pulp, wood manufactures, barley and mining machinery.

It's Up to You

Whether our exports to Peru continue to expand during the coming year will depend largely on Canadian manufacturers. Conditions for the foreign exporter to Peru should remain favourable and unless there is a change in government, import controls or greatly increased import taxes are unlikely. The Peruvian market will continue to be extremely competitive and price and credit will undoubtedly be more important factors than quality. However, there are several Canadian companies regularly shipping to Peru who have demonstrated that uncompetitiveness in price can sometimes be offset by good service and high quality salesmanship. ●

Inter-American Bank Set Up

THE Inter-American Development Bank, a $1,000 million regional international lending institution, began its operations on October 1 in Washington. Established to accelerate economic development in member countries, it will make loans and guarantees to public and private enterprises in these countries. Membership in this new Bank is restricted to members of the Organization of American States. Loan applications are now being considered and the first loans should be approved shortly.

This Pan-American bank is expected to pattern itself after the World Bank in channelling long-term development capital to Latin American nations. Loans will be used primarily to implement sound specific projects of high priority in the borrowing country. These loans will be financed from capital subscriptions totalling nearly $850 million and later from the sale of bonds in financial markets. They will be repaid in the currency lent and interest will include an extra charge in the form of a commission to establish a reserve against bad debts. Unlike the World Bank, government guarantees of loans to private entities will not be mandatory. Therefore, the new institution will be able to consider applications for financing of private industrial development and may become an important source of medium-size long-term capital.

In addition to its ordinary loan operations, the Inter-American Bank will administer a $150 million Fund for Special Operations. This Fund will be the "soft" department of the new Pan-American bank. According to the Articles of Agreement, the Fund is established "for making loans on terms and conditions appropriate for dealing with special circumstances arising in specific countries as with respect to specific projects." For example, resources of the Fund for Special Operations might be used to finance a high-priority project in a country suffering from foreign exchange difficulties.

Although the Bank's operating policies have not yet been formulated, it is expected that purchases of goods and services financed by the Inter-American Bank will be open to worldwide (non-Communist) procurement.

—J. D. BLACKWOOD, *Assistant Commercial Secretary, Washington.*

Chile tackles earthquake damage; seeks equipment and services from abroad.

J. M. KNOWLES, *Assistant Commercial Secretary, Santiago.*

ON May 21, after 19 months in office, President Alessandri was able to announce in his message to Congress that Chile had attained economic stability after years of inflation and uncertainty. The fall in value of the currency had been halted, confidence had been restored, and industrial production was continuing to rise. Real and effective price stabilization appeared to have been achieved. Although many knotty problems still remained to be solved, the chief executive was confident that the foundations had been laid for solid economic progress and development in reasonably stable conditions. Ironically, on the very day that the President made this speech earthquakes, volcanic eruptions and seaquakes began to devastate large areas in the south.

It is estimated that the cost of replacing Chile's losses in this disaster will total slightly less than $424 million. This includes agriculture, public and private buildings, transport, livestock, industrial and mining capital, lost profits, and the cost of reclaiming land that has been flooded or washed away. What this means for a country like Chile can be appreciated from the fact that annual gross investment over the past few years has averaged almost $300 million, including investment of foreign private capital and machinery and equipment imported on long-term credit.

Reconstruction Measures

Immediately after the calamity, The Government ordered its Development Corporation, known ocally as CORFO, to draw up an emergency reconstruction plan, to be integrated with the general economic development program already in effect. (This program called for an annual increase in gross national product of from 3½ to 5½ per cent, through balanced expansion in public works, agriculture, industry, energy, fuels and other sectors.) On June 30, emergency fiscal legislation was presented to Congress.

As originally drawn up, the bill was intended to give the President power to issue bonds and to contract loans with both Chilean and international financial institutions to a limit of U.S.$500 million, and to contract with foreign suppliers for food, materials and services needed for reconstruction. Direct and indirect taxes were to be increased. Some of the proposed tax changes were to be permanent, others would be imposed for periods of up to five years. The bill was also to give the President power to revise the customs tariff, replacing the present system of prior import deposits and modifying the regulations governing payment of taxes. Provision was also made to increase Chile's quotas, both with the International Monetary Fund and the World Bank, to U.S. $100 million.

The Minister of Finance stated that the fiscal measures in the bill would yield, over a period of 2½ years, about 150 million escudos towards the total cost of reconstruction. The remaining 274 million would have to be met from domestic and foreign loans.

The bill had a stormy passage through Parliament and it finally went before the President, who vetoed 90 articles in it. As this report is written, the President's amendments restoring most of the cuts have been largely accepted and the bill is slated to become law in the near future.

Help from Abroad

The President of the United States recently signed into law a bill to provide U.S.$600 million for financial assistance to Latin American countries, including a $100 million credit earmarked for Chilean relief. To qualify for this aid, Chile is expected to present a specific plan showing how the funds would be used. The credit of U.S.$100 million does not prevent Chile from participating in the distribution of the U.S.$500 million voted for Latin America generally. In addition to these loans, the United States has made an outright cash grant of $20 million from mutual security funds.

The Export-Import Bank in the United States has extended a credit of U.S.$10 million, redeemable in 15 years, with interest at 5¾ per cent a year. The same institution granted a further credit of U.S.$5 million for purchase of equipment and capital goods for small and medium-sized business. These credits are tied to purchases of U.S. goods and services.

The British Government recently extended a ten-year credit of £2 million for purchase of United Kingdom goods and services for the reconstruction program. Italy has increased a previously arranged long-term loan to Chile of the equivalent of about U.S.$20 million by a further $5 million, to be used for purchase of Italian products for reconstruction. France has extended a credit of $4 million, repayable over 15 years, West Germany has loaned about $2.4 million, and Belgium has promised a credit of some $120,000. Other aid measures have been put into effect or are under study by the governments of a number of other countries, including Canada, whose official assistance so far has been limited to substantial gifts of flour, canned pork and medical supplies for the stricken area.

The Economic Commission for Latin America approved a request to the United Nations to place U.S. $2.2 million at the disposal of Chile from its technical assistance reserve fund. The UN's Economic and Social Council has authorized this expenditure and a detailed program for 1960-62 has already been worked out in co-operation with Chilean authorities. The UN is also providing a substantial number of technical experts in various fields.

Financial Problems Continue

Despite the magnitude of the new problems brought about by the earthquakes, the Government's stabilization program has largely been a success. Nevertheless, a pattern of massive, across-the-board periodic pay increases has been established which, especially with the congressional elections due next March, is becoming increasingly difficult to control. Costly strikes over large wage demands are now under way in the copper and nitrate industries and further strikes are in the offing. The consumer price index climbed by 1.1 per cent in September 1960 over the previous month. Living costs in the first nine months have gone up 6.4 per cent, according to official statistics. Although this is relative stability compared with the 38.6 per cent rise during 1959, it still causes grave concern.

The outlook for the future is therefore mixed. The already delicate problem of expanding production without inflation has now been enormously complicated by reconstruction needs, which cannot be put off indefinitely. Foreign investment in Chile's primary resources industries is being maintained at a high level and industrial production continues to increase steadily.

CANADIAN EXPORTS TO CHILE

	1959 (6 mos.)	1960 (6 mos.)
	(Canadian dollars)	
Asbestos milled fibres	68,848	355,685
Synthetic fibre thread and yarn	177,198	345,311
Aluminum in primary forms and semi-fabricated	128,573	293,876
Meats, n.o.p., canned*		200,000
Mining machinery and parts	129,858	183,668
Plastics, synthetic rubber		168,269
Shoe machinery and parts	17,388	112,760
Electric meters	29,960	96,665
Fire brick	137,832	80,706
Nets, twine, commercial fishing	52,533	80,439
Felts and jackets, papermaking	12,336	79,103
Wood pulp, sulphate, all kinds	981,250	76,389
Machinery and parts, n.o.p.	84,203	71,384
Cloverseed, red		67,463
Nickel, fine	19,114	62,140

*Represents gifts of canned pork made by the Canadian Government to Chile for disaster relief.

Export prospects in the long term are fairly good. Increasing shipments of copper and iron ore, plus paper and other miscellaneous products, may be counted upon to raise Chile's annual foreign exchange earnings from U.S.$350 million in 1959 to an estimated U.S.$450 million by 1965. Nevertheless, external debt payments even before the earthquakes were already high in relation to foreign exchange earnings. Additional foreign commitments to be undertaken for reconstruction must affect Chile's creditworthiness, no matter how generous the terms of repayment. Increased exports and continued responsible management of Chilean financial affairs may boost economic growth and make the country more capable of sustaining external debt. There are indications of a large budget deficit and the new Minister of Finance (who is also President of the Bank of Chile) recently stated publicly that there is no reason to expect devaluation of the escudo.

Trade Restrictions Relaxed

The Central Bank recently reported that for the first six months of 1960 Chile earned U.S.$208.4 million, and spent U.S.$210.4 million on purchases abroad. The slight deficit of $2 million was more than offset by $27.2 million received up to June 30 in donations from foreign countries for disaster relief.

Copper, at an average price of 31.46 cents per pound, earned most of the foreign exchange. The major copper companies turned out 247,800 tons in the period January-June, up slightly from the 243,200 tons in the same period last year. Copper prices have recently fallen and exchange earnings for the rest of 1960 may be down as a result.

Despite possible storms ahead, Chile has continued to relax trade restrictions by progressively lowering import deposit requirements on many categories of goods. Its proposed new tariff schedule, intended to replace the present system of customs duties combined with import taxes and deposits, will in all likelihood not be ready for presentation to the next general meeting of the signatories of GATT next January.

Trade with Canada

Our trade with Chile represents only a small fraction of its total foreign trade. Canadian imports from Chile for the first six months of 1960 totalled only $578,860 and consisted mainly of fruits and vegetables. Our sales to the Republic in the first six months of this year were valued at about Can.$2.89 million, up slightly from Can.$2.7 million for the same period in 1959. The accompanying table shows the 15 largest categories in this trade.

The drop in pulp shipments and the rise in sales of papermakers' felts accurately reflects the growth of Chile's pulp and paper industry. This has not only deprived Canada of a market but has also begun to cut into our pulp and paper exports to neighbouring South American countries. The proposed Latin American Common Market, scheduled to come into existence in January 1961, can only accelerate this trend.

Among products not listed in the table, skimmed milk powder dropped to nothing from $90,032 a year ago, reflecting the growth in the local powdered milk industry. Other unlisted exports that dropped sharply this year were nitrogen fertilizers and synthetic resins, both of which slumped to nothing from $101,255 and $44,508, and transformers and parts, which dropped to only $26,917 from $136,902 for the same period last year. Conversely, sales of electrical apparatus rose to $42,149 from $13,168, and a number of other commodities listed in the table increased sharply.

Canadian Prospects Good

We can expect wide fluctuations in the pattern of our trade with Chile as a result of its diversified industrial development. The best opportunities for Canadian exporters lie in catering to the needs of an expanding economy with forest and mineral resources similar to our own. The country is at a stage of resource development roughly comparable to Canada's 35 or 40 years ago.

The recent visit of a Canadian mission of consulting engineers demonstrated clearly that there is a market in Chile for Canadian knowhow of a special type. Canadian secondary manufactures of certain kinds have been able to gain ground in spite of strong European competition, and the outlook for the future is not unfavourable. Most foreign aid to Chile is, of course, in credits tied to the goods and services of the creditor country. This naturally may be expected to put Canadian suppliers at a further commercial disadvantage over the next few years. ●

Bolivia still faces serious problems; mining and manufacturing depressed.

W. J. JENKINS, *Assistant Commercial Secretary, Lima.*

CANADA'S exports to Bolivia totalled about $300,000 in 1959 and it is unlikely that they will exceed a quarter of a million this year. Economic conditions in Bolivia do not give much reason for optimism about increasing our sales. The principal industry, mining, is losing money and working at a fraction of production. Manufacturers are operating well below capacity because of the absence of a local market and, for some food processors, because the raw materials they need are not available locally. Some manufacturers are in serious financial condition, squeezed between low income from sales and high costs because labour laws limit the dismissal of unnecessary workers. Smuggling is rampant, adding to the difficulties of legitimate importers and local manufacturers. Collections are slow and money tight.

But there are grounds for believing that conditions will not deteriorate further. The Bolivian currency remains stable at approximately 12,000 Bolivianos to the U.S. dollar. Prices have not varied and apart from seasonal changes in food products, the cost of living has not risen markedly. Government revenue from internal taxes is reported to have increased and collections during the first half of the year totalled probably about one-third above those of the corresponding period in 1959. Forecasts of sugar and rice production for 1960 are encouraging.

With the country's major industry, mining, in a serious state and the economy depressed and lacking vitality, a new government took office in August. The President, Victor Paz Estenssoro, returns for a second term; he took office immediately following the revolution in 1952. It was he who nationalized the largest tin mines and formed the State Mining Corporation (COMIBOL).

The serious situation of the State Mining Corporation is one of the first problems that the new government will try to solve. The govern-

—W. R. Grace & Co.

This tin and tungsten mine is far up in the Andes, east of La Paz, Bolivia. (Note the football field, centre, hacked out of the mountainside to provide recreation for the employees.) Output continues to decline in most Bolivian mines and money is lacking to carry out prospecting for new ore reserves.

ment mines are losing over one million dollars a month and COMIBOL's geological department has reported that there is an urgent need for fresh exploration to discover new ore reserves. According to this department, if mineral output continues to decline at the same rate as it has since the mines were nationalized in 1952, production will reach zero in 1968. However, COMIBOL is so short of funds that it has had to suspend some wage payments and cannot undertake exploration. A commission was established to make recommendations for the reorganization of COMIBOL but the union leaders refused to consider its proposals. Because these included the dismissal of about 4,000 surplus workers, the removal of subsidized food prices, and the re-establishment of labour discipline, it will be difficult to obtain the workers' approval.

The private mines are in slightly better condition but they have complained that their operations are becoming increasingly uneconomic. They attribute their difficulties mainly to heavy government taxes and social security payments, lack of freedom to take on and dismiss workers, the non-availability of development capital, thieving by workers, and uneconomic railway freights, specially on low-grade ores.

Petroleum Exploration Continues

Since the promulgation of a Petroleum Code in 1955, about 14 foreign oil companies have obtained concessions. Several of these have begun drilling and their total investment in 1959 was estimated at more than U.S.$25 million.

The government petroleum company, YPFB, has developed two fields almost to capacity and a third partially. It has drilled approximately 200 wells, built two refineries, and installed a series of pipelines. For several years it has lacked capital resources for urgent investment, but this difficulty was eased to a degree earlier this year when it received a U.S. credit of $2.7 million.

Manufacturing Depressed

In his annual review of the manufacturing industry in Bolivia, the President of the National Chamber of Industries said that present conditions were such that industrial enterprises were virtually wasting away. Factories were working well under their capacities and the twin problems of decapitalization and the absence of a worthwhile local market were threatening to become chronic. In some lines—such as preserved foods, knitted fabrics, soaps, perfumes, and liquors—contraband imports were making trade in local products impossible.

The government milk factory in Cochabamba went into operation during the first half of the year. Its capacity is 40,000 litres a day, but it is running at 6,000 litres per day because it cannot obtain enough fresh milk. A cement factory at Sucre jointly owned by COMIBOL, the municipality of Sucre and Sucre University began operating early this year. The government development corporation signed a contract with a Canadian engineering company to carry out a detailed study of the possibilities offered by a hydro-electric scheme to provide additional power in the Cochabamba district.

U.S. Aid Important

Bolivia continues to receive considerable United States aid, although the amounts have been decreasing —$26 million in 1958, $21 million in 1959 (which included a carryover of $2 million), and $17 million in 1960. Of this latter figure, about $7 million will be used to support the government budget. The remainder will go to purchasing agricultural commodities, the internal resale of which will produce counterpart funds for various development projects. The most valuable contribution has probably been in agricultural development, but roads, public health and education have also benefited. No flour or wheat has been provided during recent years under a U.S. aid program.

Bolivia was invited to join the Latin American Free Trade Area, but although it attended the signatory meeting of the treaty, it did not sign at that time and is now not expected to join.

Canadian sales to Bolivia totalled only $149,000 during the first half of this year, compared with $173,000 for the same period of 1959. In 1952 Canadian exports to Bolivia were valued at $6.4 million but this included $5 million worth of wheat. Our current wheat sales there are nil because the Bolivian flour mills are barely operating. The best customers for Canadian goods are the mines, but because they lack funds, their purchases too have dropped sharply.

The scarcity of money means that foreign manufacturers have to offer credit if they wish to sell. But with collections slow, many prefer to bypass these sales and content themselves with trying to obtain whatever business they can for cash. ●

Economic stability achieved, Paraguay concentrates on expanding production.

BLAIR BIRKETT, *Commercial Counsellor, Montevideo.*

THROUGHOUT 1959 and so far in 1960, Paraguay has maintained its position as a country which has recovered in good measure from the severe plight of three years ago. The economy has been stabilized and although much must still be done to assure future progress, the definite start made augurs well. The success of the exchange control system introduced in 1957 is reflected in a favourable balance of trade, in the stability of the currency and the cost of living, and in an increase in the convertible foreign currency reserves. These rose from a small deficit at the end of 1958 to U.S. $2.7 million by December 1959. However, the strict monetary policy has created some problems for both the public and private sectors of the economy. Imports have levelled off as the result of tighter credit and many traders find themselves with large stocks, thus experiencing for the first time in several years stiff competition in a buyer's market.

On the other hand, the climate for attracting foreign capital and loans has continued favourable. During 1959 Paraguay received loans for industrial purposes from the Export-Import Bank, the Development Loan Fund, and the World Bank, as well as credits in connection with the proposed Development Bank of Paraguay.

The 1959 budget was balanced without recourse to borrowing from the Central Bank, as in former years. It is fully expected that the 1960 budget will also balance.

Foreign Trade

Paraguay finished 1959 with a small favourable balance again in terms of foreign trade—U.S.$5 million, compared with U.S.$1.5 million for 1958 and U.S.$5.5 million for 1957. Exports, at U.S.$31.2 million, were down slightly from the U.S.$34.1 million of 1958 and imports, at U.S.$26.2 million, declined appreciably from the U.S.$32.6 million of the previous year. The drop in exports resulted entirely from less interest in timber on the part of the Argentines, who cut their purchases from U.S.$9.7 to U.S.$4.0 million. However, thanks to a substantial increase in the export of meat products (which became for the first time Paraguay's principal export) and the decline in imports, the export surplus was maintained. Exports of cotton too were smaller; the crop was disappointing and restrictions on exports were necessary to safeguard supplies for domestic industry. Exports of hides, quebracho, oilseeds, and some essential oils increased.

Why Imports Dropped

The drop in the value of imports was largely the result of less need for equipment and supplies on the part of the newly established water-supply authority and the Pure Oil Company—the latter ceased its oil-exploration work during the year.

EXPORTS FROM PARAGUAY

Destination	1957 Value*	1957 %	1958 Value	1958 %	1959 Value	1959 %
United States	8.27	25.1	8.29	24.3	10.29	33.0
Argentina	10.91	33.2	13.22	38.8	6.44	20.6
United Kingdom	5.15	15.7	4.07	11.9	3.00	9.6
Netherlands	2.09	6.4	2.09	6.1	2.66	8.5
Germany	1.12	3.4	1.57	4.6	1.42	4.6
Uruguay	1.29	3.9	0.54	1.6	0.86	2.8
Belgium	1.04	3.2	0.65	1.9	0.63	2.0
Spain	0.39	1.2	0.33	1.0	0.55	1.8
France	1.01	3.1	0.70	2.1	0.54	1.7
Italy	0.15	0.5	0.09	0.3	0.18	0.6
Others	1.48	4.5	2.55	7.5	4.63	14.8

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*millions of U.S. dollars.

IMPORTS INTO PARAGUAY

Sources	1957 Value*	1957 %	1958 Value	1958 %	1959 Value	1959 %
Argentina	10.48	38.3	7.19	22.1	7.42	28.3
United States	6.47	23.6	8.90	27.3	5.30	20.2
Germany	2.35	8.6	3.71	11.4	3.25	12.4
Netherlands Antilles	2.10	7.7	2.45	7.5	2.38	9.1
United Kingdom	2.13	7.8	2.53	7.8	2.29	8.7
Spain	0.80	2.9	0.66	2.0	0.67	2.6
Sweden	0.50	1.8	0.59	1.8	0.63	2.4
Belgium	0.59	2.2	0.63	1.9	0.40	1.5
Netherlands	0.39	1.4	0.58	1.8	0.39	1.5
Uruguay	0.02	0.1	0.79	2.4	0.19	0.7
Others	1.53	5.6	4.56	14.0	3.27	12.5

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*millions of U.S. dollars.

Another reason was that imports were abnormally large in 1958, following the removal of restrictions the year before. Large-scale buying in that year replenished a starving consumer-goods market; ample supplies were built up and demand fell in 1959. Furthermore, the Central Bank does not allow imports to be made on credit terms of more than 90 days without prior approval, and local banks are not permitted to provide credit to be used for prior deposits.

Details of the direction of imports and exports for the years 1957, 1958, and 1959 are shown in the tables above.

Destinations of the principal exports followed the traditional pattern: meat products to the United States and the United Kingdom, timber to Argentina, hides to the Netherlands, quebracho extract to the United States and Canada, cotton fibres to Germany, United States and France.

Canada's Share

Canada's participation in the trade of Paraguay was confined mainly to the purchase of quebracho extract, corned beef, and chinawood oil and to the sale of agricultural machines and equipment, calculating machines, metals, chemicals, pharmaceuticals, and milk powder. In 1959 our imports from Paraguay totalled in value Can.$746,496 ($347,480 in 1958) and our sales Can.$121,272 ($184,166). The steep rise in purchases is entirely accounted for by an increased interest in Paraguay's corned beef.

Trade Agreements Concluded

Trade agreements were concluded with the following countries:

Argentina—Paraguay agreed to join the Latin American Free Trade Area in September 1959, and just recently has ratified the Treaty of Montevideo—the first country to do so. Of special interest to Paraguay is the fact that Argentina consents to payments of all kinds between the two countries being made in any free currency.

Spain—For the purchase of two motor cargo craft and an oil tanker to be built in Spanish yards. More craft are likely to be ordered later this year. Provision is also made for the establishment of a free depot for Spanish goods in Paraguay and of a free zone for merchandise and raw materials of both countries.

Japan—For the entry of 80,000 Japanese immigrants over the next thirty years, in exchange for a credit to cover cost of construction in Japan of several river craft.

Italy—Payments between the two countries now to be made in free currencies.

Brazil—For establishment of a second free port area in Paraguay for both Brazilian and Paraguayan imports and exports.

Relations with Neighbours

Although in the long term the future economy of Paraguay will depend to a great extent on the country's ability to attract foreign investment, in the short term much will depend on events in Argentina. There is no doubt that a renewal of construction activity in Argentina would mean a great deal to Paraguay's ailing timber industry and through it would stimulate the whole economy. Stabilization has been achieved and Paraguay's chief need now is for increased and diversified production.

Both Argentina and Brazil are courting Paraguay—the one with better river communications from the River Plate to Asunción, and the other with communications through the Atlantic. Stroessner is successfully playing one country against the other, but Paraguayans realize that there are economic advantages and benefits to be gained from both. ●

Import restrictions in Uruguay removed; surcharges and prior deposits remain.

BLAIR BIRKETT, *Commercial Counsellor, Montevideo.*

URUGUAY can point to three outstanding achievements during the past year. The first was a balanced national budget for the first time in many years, the second the stability of the exchange rate, and the third the gradual lessening of import restrictions, culminating in their final removal last September. For exports, the elimination of artificial exchange rates has meant the freer movement of wool and meat abroad, though not yet in the volume desired because of low production.

On the other hand, Uruguay is still plagued with a balance-of-payments problem and was running an unfavourable balance of some U.S. $30 million at the end of the first nine months of the current year.

A standby credit of $30 million from the International Monetary Fund and the promise of further credits from the United States are encouraging indications of the confidence felt in Uruguay's efforts toward recovery.

Foreign Trade

Unofficial figures on Uruguay's foreign trading operations during the first nine months of 1960 show an unfavourable balance of payments of U.S. $33.6 million—exports at U.S.$101.4 million and imports at U.S.$135.0 million. Unless shipments of wool are stepped up smartly, the position at the end of the year will be worse than at December 31, 1959.

Details of imports and exports for the first six months of 1960 (the latest breakdown available), showing their direction are given in the table.

As usual, raw materials, fuels and lubricants made up over 50 per cent in value of all imports, with consumer goods well down on the list. The United States maintained its position as the chief supplier and the United Kingdom as the chief buyer. Canada in this period exported goods to Uruguay to the value of U.S.$1,159,800 (U.S. $372,900 in the same period of 1959) or 1.5 per cent of all imports. Canada's imports from Uruguay, on the other hand, totalled U.S.$421,100 (U.S.$232,100) or 0.5 per cent of all exports.

URUGUAYAN TRADE

January to June 1960

Imports

	U.S.$'000	Per cent
Raw materials	31,742.2	37.0
Fuels and lubricants	14,961.9	17.3
Motor vehicles and spares	9,738.8	11.3
Electricity in general	6,473.4	7.5
Construction materials	4,784.3	5.6
Groceries	4,768.0	5.6
Machinery and accessories	3,964.1	4.5
Vegetables	3,471.9	4.0
Seeds, forage, etc.	2,257.8	2.6
Drugs and chemical products	1,329.8	1.5
Radio, photography, etc.	759.1	0.9
Merchandise specially authorized	486.9	0.6
Stationery and office equipment	436.9	0.5
Ironmongery in general	417.2	0.5
Optical, surgery, etc.	232.8	0.2
Household goods and china	124.3	0.1
Leather goods	110.7	0.1
Animals on the hoof	102.9	0.1
Drapery and haberdashery	80.2	0.1
Jewellery, watches, etc.	7.7	
Total	86,250.9	100.0

Exports

	U.S.$'000	Per cent
Wool, greasy	18,405.8	22.9
Wool, scoured	6,231.7	7.7
Meat and byproducts	24,367.9	30.3
Textiles	15,909.4	19.7
Hides and bristles	9,313.5	11.5
Industrialized agricultural products	4,576.9	5.7
Sundry industrial products	1,064.0	1.3
Natural agricultural products	525.8	0.6
Animals on the hoof	104.0	0.1
Pharmaceutical products	75.5	0.1
Sand and stone	66.3	0.1
Sundries	58.7	
Total	80,699.5	100.0

This large increase in Canadian exports to Uruguay resulted from a renewal of interest in our nylon yarn, paper felts, wood pulp, farm implements, calculating machines, lamps and lanterns, aluminum ingot, metal rods, asbestos fibre, lenses, sandpaper, synthetic rubber—in turn, the result of the liberalization of imports in December 1959. An additional factor was the move away from bilateral trading, particularly with Eastern European countries, which in 1959 and 1958 made serious inroads into our trade in aluminum ingot, asbestos and farm implements. Other products which showed improvement suffered previously from Western competition. One commodity which has still to appear in the records again is newsprint; in the past three years it has come mainly from Finland, Sweden and Chile. Payments agreements with these countries, now being dropped, precluded Canadian participation. It is now entirely a question of price.

Liberalization of Trade

The most important event since my last report was the lifting of all remaining restrictions on imports on September 30 last, plus fixing of the rate of exchange applicable to all transactions with the IMF at 7.40 pesos (previously 6.50 pesos) to the U.S. dollar, as required by the Fund.

This was the result of negotiations with a delegation from the IMF over Uruguay's request for a standby credit of U.S.$30 million—the equivalent of the Uruguayan quota. This credit, to be used for balance-of-payments purposes, is a forerunner of other credits of some U.S. $50 million from U.S. private banks and U.S.$15 million from the U.S. Treasury for development purposes.

The operation of the new system was described in a letter of intention from the Uruguayan Minister of Finance to the authorities in Washington. The salient points are as follows:

- Uruguay's objective in implementing the new Exchange Reform Law is the freedom of trade, the stabilization of the peso and the simplification of exchange procedure.

- All remaining restrictions on imports to be lifted September 30. At the same time, prior cash deposits to be simplified and surcharges reduced to three—namely, from up to 40 per cent to 75 per cent for such goods as are manufactured locally, and 150 per cent for luxury goods. Goods that pay a surcharge of 150 per cent also have to pay a prior deposit of 100 per cent. All retentions on exports are to be eliminated at an early date.

- Goods imported in Uruguayan vessels shall be exempted, so far as freight charges are concerned, from payment of prior deposits and surcharges.

- Existing bilateral agreements, with the exception of those with the two neighbouring countries, will be dropped within a period of approximately one year.

- A balanced budget for the period 1960-63 is at present under study by Parliament and will probably be approved shortly. New legislation introducing income tax is included.

- Bank credit expansion is to be limited and rediscount to be severely restricted.

These beef cattle penned outside a Uruguayan packing plant are awaiting slaughter.

On October 3 a list of most imports was published showing the surcharges and the prior deposits where applicable. Detailed information on specific products covered by these lists is available from the International Trade Relations Branch of the Department. All imports not included in the list are to pay 150 per cent surcharge and 100 per cent prior deposit. All prior deposits are to be retained for nine months except for motor cars, for which the minimum period is twelve.

Thus anyone can now import anything from anywhere. Most of the previous second and third category goods, however, will come very high in price when one considers, say, a 150 per cent surcharge and a 100 per cent prior deposit *plus* customs duties. The expression "free import" is rather a misnomer because restrictions will continue to operate in another form. But those who can afford the cost, as in Paraguay, can have what they want. It is not expected, however, that Uruguay will experience any appreciable increase in imports. The restriction is still there.

In fact, the extent of the prior deposits and surcharges on products similar to those produced locally is under fire from local industry, which regards them as too low.

The present import lists cannot be taken as final; many alterations are inevitable. Canadian principals should urge their representatives to review the situation in the light of the new regulations.

Agriculture and Industry

Wool—Exports of wool, including tops, between October 1, 1959 and September 30, 1960, totalled 108,558 bales compared with 181,835 bales exported in the same period of the previous season. Some 40,000 bales of the 1959-60 clip remain unsold.

The season just ended was regarded as one of the worst in the past ten years. Mainly the result of the floods in May and June of 1959 the quality of the clip taken in October of that year was generally poor. Prospects appear excellent for this year's clip; quality and yield are reported as high. Sales, however have been slow, with producers—as they have been since February—preferring to await a recovery in the world price.

Through the 1959-60 season Russia did not buy Uruguayan wool. During the previous season she purchased 26,500 bales, but since then has preferred to offer oil in exchange for wool. Such offers were not accepted. In all, the Iron Curtain countries purchased 83,000 bales of the 1958-59 clip and only 16,000 of the 1959-60 clip. Though the United Kingdom, Germany, France and the Netherlands bought during last season on a larger scale, they did not absorb the remainder and there is a heavy carryover—a situation detrimental to the proper operation of the nation's monetary program. The fall in earnings of foreign exchange through decreased wool sales has been serious. It is to be hoped that producers will dispose of their stocks within the next few months rather than hold for better prices. The recent reduction in export retentions from 54 to 46 pesos per 10 kilos should encourage this.

Meat—Exports of meat and meat products during the first half of 1960 were relatively larger and were responsible for a smaller deficit than would have been the case with the wool market paralyzed.

As the foregoing table shows, Uruguay exported meat and meat products during January through June to the value of U.S.$24.3 million, as against U.S.$12.9 million during the corresponding period in 1959. This improvement resulted partly from a drought that forced producers to lighten pastures and partly from higher prices and from strikes in Argentine packing plants which increased British purchases from this country.

Since July, however, the situation has deteriorated. Well prepared stock are now in short supply and the import of 10,000 tons of meat from the Argentine to meet a shortage is being considered. It appears that the meat export industry has shot its bolt for this year. With no increase in production of cattle, the early pace of killings could not be maintained. It is even possible that the increase in killings this year may reduce slightly the number of cattle available next year.

These two industries, wool and meat, the mainstay of the nation's economy, have still to increase production considerably before Uruguay's income can meet and surpass outgo.

Weather conditions have been favourable during the past few months and land that suffered from drought during the first half of the year has recovered. The prospects for wheat and linseed harvests are reported as excellent.

To date Paraguay, Argentina and Mexico are the only three countries of the seven which have ratified the Treaty of Montevideo. In Uruguay the Treaty is still before Parliament where it is meeting considerable opposition.

The Provisional Committee that is sitting in Montevideo has made progress in compiling the general information and statistics required for the first round of negotiations. However, the lists that form the basis for negotiating tariff concessions, originally called for September 15, are well behind schedule. A meeting of customs and transport experts has made useful recommendations towards the simplification of tariff nomenclature and transport problems. ●

Brazil's trade policy stresses industrial build-up; exchange problem persists.

WM. JONES, *Commercial Counsellor, Rio de Janeiro.*

BRAZIL has achieved another notable increase in industrial production this year. This has resulted in part from the completion of new plants and facilities that had been in the construction stage, but also because plants which had already come into production ironed out their normal initial difficulties. A recent estimate of industrial production showed an increase of 9 per cent during the first half of the year compared with 11 per cent in 1959. The automobile industry, a relatively new one for Brazil, has had the highest rate of increase, although the rate was lower in 1960 than in 1959. An agricultural tractor industry is being established and although there has been some token production, no output in volume is expected until at least the middle of 1961.

Basic industries too have increased production. The National Steel Company opened an eighth blast furnace at Volta Redonda during October, bringing its total capacity to 1.35 million tons and the country's basic steel capacity to 2.2 million. (During 1959 national steel production reached 1.87 million tons.) Additional plants that will increase Brazilian steel output to 3.9 million tons a year by 1963 have also been started. The chemical and pharmaceutical industries are expanding production at a yearly rate of 10 per cent. The food-processing industry raised output by 6 per cent in the first half of the year and the oil industry by 15 per cent compared with 10 per cent in the first half of 1959. Only the beverage and tobacco industries reduced production in the first six months of 1960 compared with 1959.

Currency Issues Continue

However, industry as a whole has been hampered during the year by a shortage of funds, government-inspired and designed to stem the inflation that has resulted from deficit financing and large currency issues. Rates of interest for financing from private sources have shot up; the limit on interest chargeable by banks is 12 per cent per annum and by established trust companies 24 per cent. However, the funds for loan by such institutions are insufficient to meet the demand and some reputable firms are reported to be offering rates of interest of 3 per cent per month for short-term funds.

How the apparent shortage of working capital has affected production during the second half of the year is not yet clear. It may well be, however, that this shortage of funds for loan is temporary, as the Government in September reverted to its 1959 practice of mass currency issues. In September it issued 9.5 billion cruzeiros, bringing the total money supply at the end of the month to Cr.$176.9 billion, an increase of 5.7 per cent during the month, compared with an issue of Cr.$12.9 billion during the first eight months of the year and Cr.$37.8 billion during the whole of 1959. The extent of currency issues during October is not known at the time of writing but informed opinion is that the practice of massive currency issues will continue for the rest of the year.

Agricultural Output Up

Agriculture in Brazil is also stepping up production. Preliminary statistics indicate that although the 1960 crop returns will be only about 1 per cent greater in volume than in 1959 (as compared with a 10.4 per cent increase in 1959 over 1958) the nature of the output benefits Brazil more than it did last year. The 1959 coffee crop was a bumper one and the resulting coffee surplus very large. Thus the inclusion of coffee as a remunerative crop in the agricultural totals for that year is misleading. If one excludes coffee, agricultural production in 1960 is expected to exceed that of 1959 by approximately 9 per cent, compared with an increase in 1959 over the previous year of only 3.4 per cent. This increase in production, primarily for domestic consumption, has helped to stabilize the economy. Of the major Brazilian agricultural products only two, coffee and cocoa, both predominantly export crops, are expected to decline in the current year compared with 1959. This should not affect total Brazilian coffee exports in view of the surplus, but cocoa exports might decline. Such a decline will probably be offset by increased exports of sugar, a major part of which will be sold to the United States at preferential prices.

Wages Raised

Brazil recently entered a period of uncertainty over the effect that new government policies will have on developments here. We have noted above that massive government currency issues are expected to continue under the present regime. On October 18 the present government raised the minimum wage (the normal wage for manual and semi-skilled labour) by 60 per cent in the Rio and Sao Paulo areas. This, according to industry, increased costs to a point where large price increases are inevitable, and although greater productivity has partly offset these costs, another wage-price spiral already appears to be under way. The foreign exchange problem also gives cause for uncertainty for those firms dependent to any degree on exports or imports. Despite the negative aspects of the present situation, the business community seems optimistic; plans for further expansion of production facilities are proceeding and new plans are being made.

Brazil's foreign exchange problem remains troublesome. A complicated system of administering the use of foreign exchange to discourage unessential imports, of allowing normal but essential imports to enter at an exchange rate determined in part by demand at auctions, and of permitting government imports and those of favoured industries at a rate of exchange fixed unrealistically low, appears to be about to give way to a more orthodox exchange system.

If the present exchange system is continued, the rate of Cr.$175 to U.S.$1.00 for preferred imports would probably be more realistic. But the exchange authorities have for the past months effectively maintained the rate for general category imports at approximately Cr.$230 =U.S.$1.00, a decline of about Cr.$15 per dollar from that at the beginning of the year. Meanwhile, the free market rate of exchange (applicable to services and the returns from exports other than coffee and cocoa) has edged upward to the current Cr.$190=U.S.$1.00. This narrowing of the gap between the two rates has caused speculation that at the time of the next alteration of the exchange system, the free market and general category import rates will be merged. It has also been suggested that the cost of foreign exchange for all goods and services, whether required by government or by private organizations, will be allowed to find its own level on the currency market.

Financial Pressures

The incoming administration will have a difficult foreign exchange problem to face during its five years of office. A recent estimate of payments of principal and interest abroad which the Government is committed to meet during those five years is as follows:

1961	U.S.$342,444,000
1962	281,681,000
1963	266,837,000
1964	212,826,000
1965	156,965,000

The size of such annual payments is substantial when considered in relation to annual exports valued at U.S.$1,243 million in 1958, at U.S.$1,282 million in 1959, and probably about U.S.$1,382 million this year. To these must be added similar financial commitments by the Bank of Brazil, which may be as high as $300 million and which will probably mature during the period. To offset this, it is pointed out that a large proportion of these Bank of Brazil commitments will probably be converted into direct foreign investment in plant and equipment in Brazil. Moreover, other foreign investment—which totalled U.S.$400 million in equipment alone during the period 1955-59—will continue to be substantial. However, Brazil still has an exchange deficit—U.S.$124 million in the first half of this year compared with U.S.$164 million in the same period of last year. The Finance Minister announced on November 8 that he had reached an agreement with the Export-Import Bank authorities for deferment of payments due them for the next six months.

Effects of Trade Policy

Brazil's current trade policy reflects the Government's industrial development policy. Through its tariff policy and exchange control system, the Brazilian Government has endeavoured to expand exports with a maximum foreign-exchange return through its multiple currency system and to discourage non-essential imports, substituting locally made products.

As a result of these measures, imports of a wide variety of industrial and other goods have declined as Brazilian production has developed. The expansion of Brazilian industry has, on the other hand, brought an increased demand for basic materials. This has been met partly by development of domestic production as in the steel industry, but it has also meant alternative uses for the available foreign exchange. These trends are reflected in the Canadian export statistics which show a decline in value of highly manufactured goods (with exceptions in the case of special equipment) and a rise in exports of basic materials. Aluminum in primary form is a good example of the latter and it may well be that 1960 will be a record year for Canadian aluminum exports to Brazil. Another example is asbestos, although the increase is not expected to be as great.

Over 50 per cent of Brazil's foreign exchange earnings come from coffee and the Government attempts to maintain the largest possible volume of coffee exports commensurate with ensuring that the total foreign exchange returns are also as high as possible. It also seeks to ensure that high returns from coffee exports do not encourage expansion of uneconomic coffee production. Coffee policy could therefore be considered as the keystone of Brazilian export trade policy. Coffee exports are rigidly controlled and the payments made to the exporting firms for the foreign exchange earned are much less than the rate at which foreign exchange can be sold on the free market. The difference between the rate that the Government pays for the coffee dollar and the rate at which it then sells these dollars provides revenue used in part to subsidize preferred imports and to make payments for coffee production surplus.

Influences on Canadian Trade

In years of a bumper crop, such as 1959, payments for surplus coffee are a heavy drain on the government budget and have encouraged a tendency to conclude bilateral trade agreements with countries that will agree to accept coffee in payment for most of the goods it sells to Brazil. Countries making such agreements with Brazil have received preferential exchange treatment for their products under the Brazilian auction exchange system. During 1960, for free-enterprise countries this differential has taken the form of a 15 per cent reduction of the exchange rates for general category imports. However, a number of these agreements have not proved effective and have been allowed to lapse; important recent examples are those with Japan and Sweden. (The Finnish and Norwegian agreements also appear to be encountering difficulties.) The termination of these agreements removed the discrimination against Canadian goods and has placed a number of Canadian exports on a more normal competitive footing.

However, the Brazilian Government in December 1959 signed a new trade agreement with the U.S.S.R. Among the products Russia is to supply are oil and wheat, both big Brazilian imports, in return for large amounts of coffee and a few other agricultural products. Approximately 150,000 tons of wheat were supplied this year and the schedule calls for delivery of 200,000 to 300,000 tons in 1961 and 1962. No Canadian wheat has gone to Brazil in recent years. Requirements have been met by PL 480 wheat provided by the U.S. Government, by barter transactions, and by purchase from countries with which Brazil has bilateral trade agreements.

Brazil was an active participant in and promoter of the Latin-American Free Trade Association; the treaty creating this was signed in Montevideo on February 18 of this year. The Montevido Treaty, however, is not specific as to the steps that each participating country will take to reduce its trade barriers with the others. It is rather an agreement in principle on the over-all objective, what should be done in general, and the objectives of future discussions. Progress has been slow on the part of most participants and Brazil has been no exception, perhaps because of a desire to leave action on specific commodities to the incoming administration.

The Outlook

With a new president to be inaugurated on January 31, 1961, any prediction about the future of Canada's export trade with Brazil must be qualified at the outset by the statement that the policies of the new administration will have a decisive effect on its nature and volume.

However, it is probable that, whatever changes in policy may be introduced, little effective progress will be made at least until the middle of 1961. In the interim, barring some sort of major credit extension to potential importers here, with the exception of newsprint the present pattern of imports from Canada will probably remain unchanged. Thereafter, the pattern is unpredictable for the short run. In the long run, if present development plans by private industry are carried through, it seems likely that domestic production within Brazil will meet much of the internal demand, even for basic materials Also, productivity on the part of the industrial worker in Brazil is increasing and Brazilian industry given the relatively low level of Brazilian wages, should be able to meet the country's requirements except in highly specialized fields. Indeed, it may be able to export some of these products in competition with much more highly developed countries. ●

SHIPPING SERVICES FROM CANADA TO SOUTH AMERICA

	FROM		
	Pacific Coast	**Great Lakes**	**St. Lawrence and Atlantic**
TO: Argentina	Daido Line *(Dingwall Cotts & Co., Vancouver)* Mitsui Line *(Pacific Export Lines Ltd., Vancouver)* Moore-McCormack Lines *(Balfour Guthrie & Co., Vancouver; Moore-McCormack Lines (Canada) Ltd., Montreal)* Westfal-Larsen Line *(Empire Shipping Co., Vancouver)*		Brodin Line *(Montreal Shipping Co., Montreal)* Columbus Line *(Kerr Steamships Ltd., Montreal)* Moore-McCormack Lines
Bolivia	*Via Mollendo:* Grace Line *(C. Gardner Johnson Ltd., Vancouver)* Grancolombiana *(Balfour Guthrie & Co., Vancouver; Swedish American Line, Montreal)* *Via Antofogasta, Arica:* Chilean North Pacific Line *(Dodwell & Co., Montreal)* Grace Line Westfal-Larsen Line		*Via Santos, Buenos Aires* Brodin Line Columbus Line Moore-McCormack Lines *Via Antofogasta, Arica, Mollendo:* West Coast Line *(Saguenay Shipping Ltd., Vancouver)*
Brazil	Daido Line Mitsui Line Moore-McCormack Lines		Brodin Line Columbus Line Moore-McCormack Lines

	FROM		
TO:	**Pacific Coast**	**Great Lakes**	**St. Lawrence and Atlantic**
British Guiana			Saguenay Shipping Ltd. *(Saguenay Shipping Ltd., Montreal)* Royal Netherlands Line *(Montreal Shipping Co., Montreal)*
Chile	Chilean North Pacific Line Grace Line Westfal-Larsen Line		West Coast Line
Colombia	Chilean North Pacific Line Grace Line Grancolombiana Moore-McCormack Lines Westfal-Larsen Line	Michigan Ocean Line *(Kerr Steamships Ltd., Montreal)*	Grancolombiana West Coast Line
Ecuador	Chilean North Pacific Line Grace Line Grancolombiana Westfal-Larsen Line		Grancolombiana West Coast Line
Paraguay	*Via Buenos Aires, Montevideo, Santos:* Moore-McCormack Lines Westfal-Larsen Line		*Via Buenos Aires, Paranagua, Montevideo, Santos:* Brodin Line Columbus Line Moore-McCormack Lines
Peru	Chilean North Pacific Line Grace Line Grancolombiana Westfal-Larsen Line		Grancolombiana West Coast Line
Uruguay	Daido Line Moore-McCormack Lines Westfal-Larsen Line		Brodin Line Columbus Line Moore-McCormack Lines
Venezuela	Daido Line d'Amico Line *(Anglo Canadian Shipping Co. Ltd., Vancouver)* Mitsui Line Moore-McCormack Lines O.S.K. Line *(C. Gardner Johnson Ltd., Vancouver)* Venezuelan Line *(Empire Shipping Co. Ltd., Vancouver)*	Michigan Ocean Line Saguenay Shipping Ltd.	Michigan Ocean Line Royal Netherlands Line Saguenay Shipping Ltd.

United States Sponsors Social Progress

Housing, education, agriculture, health services—the Latin American countries expect improvements in all these from a new program, financed mainly by a U.S.$500 million fund.

MAURICE SCHWARZMANN,
Minister-Counsellor (Economic), Washington, D.C.

THE new aid plan for Latin America, sponsored by the United States and adopted at the Bogotá Inter-American Conference last September, marks an important step in the social and economic development of the area. This program, embodied in the Act of Bogotá, envisages co-operative efforts by the Latin American countries, with financial support from the United States, specifically directed to social improvement — including housing, land and tax reform, education and health. The basic purpose of this program is to raise the standard of living of the mass of the population and to modernize the social and institutional structures, with a view to making more effective the financial assistance and capital investment going into the development of resources and of industry.

Social Reform Stressed

The U.S. proposals which formed the basis for the Act of Bogotá should be seen against the background of a variety of recent developments in the foreign aid field. The growing recognition of the need for increased international development capital has led, for example, to substantial increases in the resources of the International Monetary Fund and the World Bank. Similarly, the International Development Agency was recently established as an affiliate of the World Bank to provide additional development capital on more flexible terms. Early this year a number of important capital-lending countries, including Canada, established the Development Assistance Group for increased consultation among the industrial countries on assistance to under-developed areas.

The capital resources of existing international agencies (to which Canada and many other countries contribute), U.S. loans from the Export-Import Bank and other U.S. aid programs are, of course, available to Latin American countries on the same basis as to other under-developed countries. However, there have been growing demands in Latin America for regional assistance programs (Operation Pan-America), tailored to the special needs of that area. In response to these pressures, the member countries of the Organization of American States have now established the Inter-American Development Bank to channel long-term development capital for economic projects in Latin America. The new Latin American aid program in the Act of Bogotá will supplement these increased efforts towards economic development through basic measures of social reform. In the words of U.S. Under-Secretary Dillon: "It is not enough only to construct modern factories, power plants and office buildings. These things are essential to the development process but it often takes many years for their benefits to reach down to the ordinary citizen. We must therefore broaden our efforts to help all of the people. The task is nothing less than to lift whole segments of the population into the 20th century."

Objectives Stated

The Act of Bogotá had its origin in the request by President Eisenhower last August that the U.S. Congress authorize $500 million designed to develop co-operative programs to foster social progress in Latin America. On the basis of this authorization, U.S. Under-Secretary Dillon put forward the U.S. proposals at the Bogotá Conference of the "Committee of 21" of the OAS. In presenting these proposals, Mr. Dillon indicated that the $500 million authorized would have to be appropriated at the next session of the U.S. Congress in 1961. He also indicated that, as and when progress in social development is made, the U.S. would expect to continue its financial support with additional funds.

The main provisions of the Act of Bogotá are as follows:

Measures for Social Improvement

Under this broad heading, countries undertake to re-examine their existing policies and practices in a wide variety of fields and to carry out appropriate reforms and improvements, in line with detailed recommendations listed in the Act. These recommendations cover:

1. The improvement of rural conditions and land use, including reforms of land-tax structure, land ownership, land reclamation and resettlement, agricultural credit and marketing services.

2. Improvement of housing and community facilities, including investment in low-cost housing, housing loans, financial assistance for water supply and other public works.

3. Improvement of educational systems and training facilities. This envisages the eradication of illiteracy and practical training in industrial and agricultural techniques.

4. Improvement of public health, including health insurance systems, public medical services and training of technicians.

5. Mobilization of domestic resources, with particular emphasis on the review of taxation systems, assessment and collection procedures.

Special Fund for Social Development

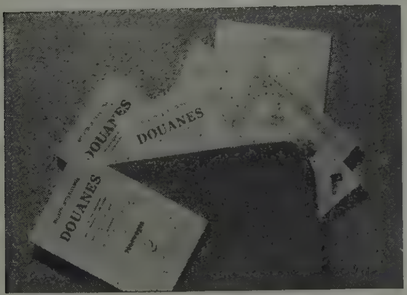
This section notes the U.S. decision to establish a special Inter-American Fund for Social Development, with the Inter-American Development Bank to become the primary mechanism for the administration of the fund. The purpose of this special fund would be to contribute capital resources and technical assistance on flexible terms, including repayment in local currencies, to support the efforts of Latin American countries which are prepared to carry out effective institutional improvements.

Economic Development

This section of the Act of Bogotá reaffirms the need for continued and expanded capital assistance and investment for economic development in Latin America.

Multilateral Co-operation

This section provides that the Inter-American Economic and Social Council, which is a body of the OAS, should conduct periodic consultations and reviews to analyze the progress achieved in social reform. It also provides for the reorganization and strengthening of this body to help it to give technical assistance to Latin American Governments in this field. ●



Trade and Tariff Regulations

India

IMPORT POLICY FOR IRON AND STEEL—The Iron and Steel Controller, Ministry of Steel, Mines and Fuel, Government of India, Calcutta, has announced the import licensing policy for the period October 1, 1960, to March 31, 1961, with respect to certain iron and steel items. During this period, import licences will be issued to established importers for the following items to the extent of 7½ per cent of the base quota:

Industrial scrap
Tool and alloy steel, including stainless steel sheets thicker than 18 G.
Wire of all types
Box strappings

Imports by actual users will be permitted for the following items:

Tinplate, prime and secondaries
Terneplates
Wire of all types
Box strappings
Steel strips, tapes, skelp, etc.
Tool and alloy steel, including stainless steel sheets for users other than utensil industry
Industrial scrap
Forgings, unmachined
Swedish charcoal iron bars and other wrought iron bars
Nose bars for ring frame for textile and jute industry
Wheels, tires and axles
Electrical steel sheets
Cold-rolled and deep-drawing quality sheets
Hot-rolled black and galvanized plain sheets, 24 G. and thinner

As regards stainless steel sheets for utensil manufacturers, it has been decided that no import licences should be issued for the current licensing period but that the requirements should be met from barter imports.

The policy for import, distribution and price control of items other than the above continues to be the same as for the preceding licensing periods.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF —The South African Board of Trade announced recently that it has received the following representations respecting the tariff:

Increase in duty on:

1. Infant-carrying baby shawls
2. Fireworks of all descriptions
3. Motor car, truck and tractor tire pumps
4. Potteryware with an f.o.b. price not exceeding 10s. each
5. Children's rubber beach thong sandals
6. (a) Stearic acid and/or stearine
   (b) Tall oil
   (c) Oleic acid/oleine
7. Assembled or unassembled fibre sliver cans or bins, with or without metal fittings
8. Four-wheeled hydraulic trolley garage jacks and four-post hydraulic car lifts
9. The following, as an extension of the application mentioned in *Foreign Trade*, October 8, 1960:
   (a) Diesel locomotives (mechanical, hydraulic and electric) of 100 to 300 brake horsepower

   Note: Brake horsepower to be defined as in British Standard Specification 2953: 1958 paragraphs 5(ii), 6 and 8 at 29.5 inches Hg; air temperature at inlet 85°F, 50 per cent humidity.

   (b) Steam locomotives of up to 55 tons
10. (a) Paper for processing into domestic toilet rolls, facial tissues (handkerchiefs) and serviettes
    (b) Cellulose wadding for processing into sanitary pads

Reduction in duty on:

1. Rigid, pure polyvinyl chloride pipes and fittings, with diameters from 2 to 8 inches measured externally, for overhead irrigation or piping corrosive liquids
2. Flannelette and winceyette, of an f.o.b. price not exceeding 8s. per lb. by weight of material
3. Tomato paste-puree
4. Non-slip aluminium oxide floor tiles and mosaics

Rebate of duty on:

1. Glass fibre strain cord for the manufacture of electric cable
2. Chain and chain with clasps, glass chatons, earclips, earhooks, glass or metal or plastic findings and beads, brooch pins, bolt or jump rings, and wire for use in the manufacture of imitation jewellery including costume jewellery (excluding any articles made of precious metal)
3. Woven cotton piecegoods, plain or twill weave, and woven piecegoods made from man-made fibres, plain or twill weave, for the manufacture of filter cloths
4. Soda ash for the manufacture of sodium carbonate and washing soda
5. Technical malathion for the manufacture of insecticide
6. (a) Linseed acid oil for the manufacture of distilled fatty acid
   (b) Nickel catalyst for the purposes of hydrogenation in manufacturing stearic acid
7. Raw chrysotile asbestos fibre for the manufacture of asbestos-cement products
8. The following for the manufacture of synthetic resins:
   - Methyl methacrylate monomer
   - Butyl methacrylate monomer
   - Methacrylic acid
   - Benzoyl peroxide
   - Butyl benzyl phthalate
   - Ethylene glycol monoethyl ether acetate
9. Reactor and tangential oils for use in the manufacture of oil furnace carbon black
10. Components as listed below for the manufacture of shock absorbers for motor vehicles:
    - Rod and can assemblies
    - Bodies
    - Bottom fittings
    - Pistons and diaphragms
    - Sacs
    - Seals and O rings
    - Seal springs
    - Rod and seal guides
    - Seal caps
    - Valves and washers
    - Collars and nuts
11. Marine plywood for the manufacture of boats of all types
12. Woollen yarns for the manufacture of melton cloth

Refund of duty on:

1. Cotton yarns for the manufacture of knitted pure cotton fabrics for export

Withdrawal of rebate on:

1. (a) Stearine wax (stearic acid) where it may be interpreted as permissible under rebate under tariff item 683(2) for the electric cable manufacturing industry

   (b) Stearine and stearic acid, soyabean oil, fatty acids of linseed and soyabean oils under tariff item 725 for the synthetic resins, synthetic resinous emulsions and synthetic resinous solutions manufacturing industry

   (c) Soyabean and cottonseed oils under tariff item 748(1)(b) for the paint, thinner, varnish, polish and putty manufacturing industries

   (d) Stearine wax (stearic acid under tariff item 748(1)(c) for the paint, thinner, varnish, polish and putty manufacturing industries. The request is that "waxes" be qualified by the words "excluding stearine wax (stearic acid)"

   (e) Stearine acid under tariff item 756 for the metal stearates manufacturing industry

   (f) The fatty acids of the oils of sunflowerseed, soyabeans, maize germ, cottonseed, linseed, palm, coconut, and of tallow; also oleic acid/oleine (if made dutiable); and tall oil under tariff item 758 for the dips, disenfectants, insecticides, fly papers, pest remedies and weed-killers manufacturing industry

   (g) Soyabean oil, fatty acids of soyabean and cottonseed oils under tariff item 762 for the soap and candle-making industries

   (h) Reagents consisting entirely or for the greater part of the fatty acids of the oils of sunflowerseed, soyabeans, maize germ, linseed, coconut and of tall oil; also oleic acid/oleine (if made dutiable) and tall oil (if made dutiable) under tariff item 811(2) for the mining industry

   (i) Cottonseed oil under tariff item 851(2) as material for general industrial purposes

   (j) Soyabean oil under tariff item 851(5) as raw linseed and other vegetable oils for processing into paint and varnish oils

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa shortly after the announcements are made.

Venezuela

EXCHANGE CONTROL IMPOSED—On November 8 the Venezuelan Government established controls on the sale of foreign exchange. The value of the Bolivar for almost all transactions has not been changed, but remains at Bs.3.35 to the U.S. dollar.

The Central Bank of Venezuela will allocate foreign exchange to the banks to be sold for normal business purposes at the official exchange rate of Bs.3.35 to the U.S. dollar. A small free exchange market will also be established with limited supplies of exchange for those unable to obtain an allocation of foreign exchange at the lower official exchange rate.

For sales of exchange at the official rate a permit is required and the importer must deposit with his bank, over and above the cost of the exchange, up to 20 per cent of the value of the foreign exchange for open account transactions, and up to 40 per cent for advanced drafts and letters of credit. The deposits are refunded after the goods have been delivered in Venezuela.

Among the requirements for which exchange will be allocated at the official rate is the payment of outstanding debts incurred prior to November 8. We understand that these outstanding debts must be registered with the Central Bank within 60 days from November 8. Canadian firms with outstanding claims in Venezuela should insure that their agents, Venezuelan collecting banks, or importers take the necessary steps to register these outstanding debts.

Commodity Notes

Aluminum Sheeting

JAMAICA—The Aluminum Company of Canada has established a plant in Jamaica for corrugating aluminum sheeting. The new factory, known as West Indies Aluminum Products Ltd., will produce about 1,500 tons of aluminum sheeting a year. In addition to meeting Jamaica's needs the factory will export to British Honduras, the Bahamas and other neighbouring territories—Kingston.

Apples

UNITED STATES—United States apple consumption figures for 1959 show that 75 per cent were eaten fresh, 15 per cent as canned applesauce or canned apples and 10 per cent as canned juice and dried apples. The 1955-59 average for apples processed was: canned 18 million bushels, dried 4 million, frozen slices 3 million, vinegar, cider, juice and other products 12 million. Following are the apple-producing states in order of size: Washington, New York, Michigan, Virginia, California, Pennsylvania and West Virginia. Since 1935 the pack of canned apples for pies and pastries has nearly doubled and the pack of applesauce has increased eightfold—Detroit.

Beryllium

BRAZIL—Brazil is the world's largest producer of beryllium, according to statistics published by the Brazilian Institute of Geography and Statistics. It accounts for 26 per cent of the world's production, followed by Southern Rhodesia (19 per cent), Argentina (16 per cent) and the United States (8 per cent). In 1959 Brazil's exports amounted to 2,655 tons worth Cr.$124 million; 2,498 tons were purchased by the U.S.—Rio de Janeiro.

Carnauba Wax

BRAZIL—Exports of carnauba wax (a vegetable wax used in making floor and other polishes) from Brazil have declined by some 24 per cent since 1950. In 1959 exports totalled 9,805 tons valued at $15.6 million, compared with 12,758 tons worth $22.2 million in 1950; average price per ton was $1,600 during the ten years. Chief markets for carnauba wax are the United States, which bought 66.5 per cent of total exports in the last three years, and the United Kingdom with 10.4 per cent—Rio de Janeiro.

Corundum-Sillimanite

SOUTH AFRICA—A deposit of corundum-sillimanite at Pella in Namaqualand is said to be unique in defying all the normal borehole drilling methods—tungsten carbide, diamond bits, oxygen lancing or even shaped charges. This ore, which provides the world with one of its finest and hardest aluminum refractories, is being mined by Pella Refractory Ores S.A. (Pty.) Ltd. The Pella deposits constitute a total known reserve of 400,000 tons of ore with the following average mineral composition: sillimanite 53 per cent, corundum 41 per cent, ilmenite 2.77 per cent, rutile 1.19 per cent—Cape Town.

Electric Power

COLOMBIA—The Colombian institute for the utilization of hydro-electric power is preparing topographical and geophysical studies for the Rio Mayo (Narino) power plant. It will issue tenders in the near future for the design of this 20,000-kw. plant. Colombia's Rio Prado project in its initial stage will include three groups of generators of 17,000 kw. each and later one group of 5,000 kw. SOGEI of France is carrying out the initial topographical and geophysical survey, after which the Government will obtain necessary financing. Tenders will then be issued for the general design and for supervision of construction—Bogotá.

Iron and Steel

ITALY—A large steel mill complete with blast furnaces is being built near Taranto, Southern Italy, by "Finsider", a financial group controlling a number of leading steel industries. This is part of the plan approved some months ago by IRI (Italian Institute for Reconstruction) to increase iron and steel production in Italy. The plant, which is being built on approximately 200 acres, will be the fourth of its kind controlled by the Finsider group. It is situated near the sea, with port facilities for mooring vessels of up to 60,000 tons. Blast furnaces, a steel mill and rolling mills will enable the plant to produce over one million tons of pig iron and one million tons of steel a year, plus hot rolled and cold rolled mill products of all types and soldered tubes. It is reckoned that the factory will require each year over 2 million tons of iron ore, 1.2 million tons of coal and 400,000 tons of limestone—Rome.

Newsprint

BRAZIL—Brazil consumes about 200,000 tons of newsprint a year and imports 75 per cent of this at a cost of $25,640,000. In 1952 imports totalled 80,000 tons, and by 1957 had reached 173,498 tons. In 1958 and 1959 they dropped to around 140,000 tons. Principal suppliers of newsprint are Sweden and Finland, followed by Norway, Canada and Chile—Rio de Janeiro.

Nuclear Energy

BRAZIL—The President of the National Nuclear Energy Commission, Admiral Otacilio Cunha, has stated in São Paulo that the main purpose for setting up an electric atomic plant in Mambucaba, in the Ilha Grande Bay, is to lay the groundwork to enable the Brazilian industry to take part in the international nuclear energy program. Construction of the plant may not begin for a year because of difficulties usually involved in undertakings of such magnitude. Bids are now being accepted for the project, cost of which is estimated at approximately $60 million. The plant will be built with Brazilian capital and will have a capacity of 200 megawatts—São Paulo.

Oil

PHILIPPINES—Shell Refining Co. (Philippines) Inc. announced on October 12 that Bechtel International will build a 25,000 barrel-per-day petroleum refinery in Batangas Province, Philippines; it is expected to be completed in 1962. This is a joint Philippine-British venture, with Filipino investors providing 25 per cent of the capital. Total cost of the refinery is over 15 million pesos, of which the foreign exchange component (about $14.5 million) will be put up entirely by Shell. Foremost in the minds of the planners has been the need to conserve the country's dollar reserves—Manila.

Petrochemicals

SWEDEN—A large petrochemical industry is to be built at Stenungsund on the Swedish west coast north of Gothenburg, according to reports in the Swedish press. Standard Oil (New Jersey) and the Swedish Esso, plus some ten other enterprises, have bought a site in the area at a cost of $1.2 million. Construction is scheduled to start this fall and to be completed within 2½ years. Stenungsund is the site of Sweden's biggest steam power plant and has the deepest oil harbour on the Swedish west coast—Stockholm.

Pulp

SWEDEN—Mo & Domsjö AB, Swedish forest industry group, is to invest about Kr.1.5 million ($300,000), mainly in the form of machinery, in the Argentine company Papelera Rio Paraná S.A., and to give technical assistance for building a plant for viscose pulp and bleached sulphite. The project will boost the capacity of the Argentine plant from 6,000 tons to 17,400 tons a year. In exchange for its investment, Mo & Domsjö would take over a minority parcel of shares in the Argentine company—Stockholm.

Pulp and Paper

INDIA—Seshasayee Paper and Boards Ltd., a newly organized Indian company, is setting up an integrated pulp and paper mill in Madras State. The mill, to cost an estimated Can.$12 million, will have an annual capacity of 20,000 long tons of printing and writing papers. Raw material will be local bamboo and bagasse.

Parsons and Whittemore of the United States will handle the engineering, erection and commissioning of the plant and will purchase most of the machinery and equipment. This firm has a 20 per cent interest in the company's capital stock and the Export-Import Bank is providing the foreign exchange financing. The plant, Madras State's first for paper production, is scheduled to be operating in about two years—New Delhi.

Shirts

JAMAICA—Jamaica Associates Ltd., recently set up under the Export Industry Encouragement Law with Canadian and United States capital, exported a consignment of 30,000 boys' shirts to the U.S. last month. The firm began manufacturing in July and hopes soon to complete the installation of equipment for making boys' trousers—Kingston.

Spices

INDIA—India has set up an Export Promotion Council to improve export returns from spices. The council will have members from the central and state governments and from the trade in pepper, cardamom, turmeric, ginger, chillies and minor spices. In 1959 exports of spices were valued at about $20 million.

The problems facing the spice trade are varied. In pepper, export values have declined because of stiff competition from Sarawak and Indonesia. In cardamom, besides competition from Guatemala, the main problem is the invention of synthetic substitutes. Ginger exports have declined since 1958, mainly because of import restrictions in west Asian countries, increasing competition from Jamaica and Sierra Leone, and changes in consumer preference. The new council will study these problems, undertake market surveys and research, send out trade delegations, prescribe quality standards, attend to importers' complaints, etc.—Bombay.

Steel

IRELAND—The government-sponsored company, Irish Steel Holdings Ltd., Haulbowline, Co. Cork, is planning a £3.5 million expansion. The development includes provision of three new rolling mills, ancillary equipment and soaking pits, and re-equipping the existing mills. When completed in 1962 the staff should reach 700. Expansion will considerably widen the range of products produced and should leave a surplus for export—Dublin.

Steel Mill

BRAZIL—The government-controlled Cia Vale do Rio Doce S.A., has decided to establish a steel mill in Itabira, to use part of the ores extracted from the company's mines. The new company, to be called Companhia Siderurgica Vatu, would produce sponge iron and special steels—São Paulo.

Wire and Cable

PAKISTAN—The Government of Pakistan has granted permission to a United States firm, Phelps Dodge Copper Products International Corporation, to set up a rod rolling and wire cable plant at Karachi. Investment in the project is estimated at $6 million, with rupee expenditures to be met by a local partner. Production is expected to start within a year at an annual rate of 6,440 tons. The Second Five Year Plan estimates the demand for wire and cable at 8,000 tons a year. At present there is one cable factory in Pakistan with 4,000 tons capacity—Karachi.

Trade Commissioner on Tour

In Canada

B. HORTH, Assistant Commercial Secretary in The Hague, Netherlands:

Winnipeg—Dec. 12-13	Vancouver—Jan. 20-24

When he completes his tour, Mr. Horth will be posted to New Delhi, India, as Assistant Commercial Secretary.

Businessmen who wish to see Mr. Horth should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Tours of Territory

Tours by Trade Commissioners in their territories during November and December, which were published in previous issues, have been cancelled because the officers are being recalled to Ottawa to attend the Export Trade Promotion Conference convened by the Minister of Trade and Commerce.

Canada in South American Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".

In Peru—These fishermen are getting ready to unload their catch of anchovy at a packing company's wharf. The nylon nets they use, seen in foreground, come all the way from Canada.

In British Guiana—A shipment of potatoes from Canada has just been unloaded at Georgetown and the consignees are rushing to get them to the market in time for the day's shopping.

In Venezuela—Small boys in El Tigre, like boys anywhere, are fascinated by excavations. This young sidewalk superintendent watches workers lay Canadian cast-iron pipe.

In Colombia—The Canadian Commercial Secretary and Consul in Bogotá, centre, visits a steel plant in Medellin. He is watching one of the operations which uses sheet steel from Canada.

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DECEMBER 17, 1960

foreign trade

NADA

THE PROMISING FAR EASTERN MARKET (page two)

foreign trade

Established in 1904

OTTAWA, DECEMBER 17, 1960 Vol. 114, No. 13

cover The floating market in Bangkok, Thailand, where local produce is sold to local buyers. Thailand was one of the countries covered by the author of our leading article (page two) when he toured the Far East last spring. Enthusiastic about what he discovered there, he passes on that enthusiasm and some knowhow to Canadians considering wider markets. —Photo by BOAC

CANADA

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—Hong Kong Tourist Assoc.

The famous harbour of Hong Kong, as seen from Stubbs Road on the Peak and looking over to Kowloon. Many exporters find the Colony, with its efficient trading services, a useful base for building up their business in the far East.

The Promising Far Eastern Market

An experienced Canadian export manager offers practical advice to fellow exporters—and suggests paying more attention to the growing demand in the Oriental countries.

*STUART P. AIKMAN, *Export Manager, Monsanto Canada Limited.*

As told to O. Mary Hill.

CANADIAN exporters, it seems to me, do not cultivate markets in the Far East nearly enough. They concentrate on Europe and Latin America, where the competition is much keener. Yet with the rapid growth of secondary industry in the Orient, the demand for raw materials and semi-processed products is increasing and German, Swiss, British and American businessmen are catering to this demand. So should Canadians—by personal selling. Too far away? Not in these days of air travel, when nearly every part of the Far East is covered by excellent air services.

My own company, Monsanto Canada Limited, began to develop business in this area about seven years ago and this business has grown with the building up of light industries. Every year one of the Monsanto executives canvasses these markets, beginning either with the Philippines and Malaya and working north, or with Japan and working south. Last spring I made the latest of several trips to the Far East. I left Canada in March and when I returned in June I had visited Japan, Taiwan, Hong Kong, the Philippines, South Vietnam, Thailand, the Federation of Malaya, and Singapore.

It is perhaps trite to remark that personal visits are the best way to promote export trade. This has particular point, however, in the Far East. There the exporter deals largely with Orientals—be they Chinese, Japanese, Thais, Malays, or Filipinos. Their business practices differ from ours. In the main, they operate small production units and they like to keep these within the family. Most companies have their number one man and in the long run, you must do business directly with him. Personal acquaintance matters a great deal but you must pursue this acquaintance slowly but steadily. These are cogent reasons for personal sales promotion in these countries.

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*At the time Mr. Aikman undertook this journey, he was with Monsanto; he has since become a marketing consultant with Leetham Simpson Ltd. in Montreal.

One way of encouraging more Canadians to explore trade opportunities in the Far East may be to detail some of the trade potential and problems there as suggested by my own experience, particularly on my latest visit. I am omitting Japan, because it has received a good deal of attention in the pages of *Foreign Trade* and is already one of our biggest trading partners.

Taiwan

Some Canadian exporters believe that Taiwan buys largely from the United States and that most of the foreign exchange for imports is provided by ICA. ICA money has in the past financed a large proportion of purchases abroad. But the island has been building up export industries steadily and is now earning foreign exchange to be spent on imports from any source. The improved foreign exchange position has brought some relaxation in controls; for example, imports of essential and semi-essential goods are no longer on quota.

This build-up of domestic industry has improved the market in Taiwan for certain types of raw materials. Many of the companies are small, but taken together they add up to a good demand. Monsanto is selling plastic raw materials to the developing plastics industry and there may well be similar opportunities for selling to, say, the paint and varnish manufacturers.

Much of the buying, including most of the purchasing financed by U.S. aid, is done by the Central Trust of China. This includes the bulk buying of raw materials by tender. To participate in this business a foreign supplier must have an alert and aggressive agent on the spot and good agents are not too easy to find in Taipeh. The majority of them are Chinese and many of them came originally from Shanghai; some of them employ Taiwanese sub-agents. There are also a number of United States agencies with some Chinese personnel, but these firms often handle too many accounts to give them close personal attention. On the whole, a good Chinese firm is perhaps the best choice but the exporter should make certain that his agent understands English. He should also stress that he wants to be informed quickly of any calls for tender issued by the Central Trust of China. These do not follow any particular pattern in timing.

On my latest visit to Taipeh, I found that the regulations about payment for imports had been relaxed. Formerly business was done on letter of credit only. Now, subject to written permission, documents against payment terms are allowed and so too is the sending in of consignment stocks, with payment against sales. Firms may also use a delayed letter of credit—that is, the letter of credit is not opened until the goods arrive and the importer's money is not tied up as long.

One word of warning about visits to Taiwan—make your hotel reservations well in advance. There are only two first class hotels in Taipeh and only one in the south.

Hong Kong

Monsanto has found that Hong Kong is a useful base for building up business in the Far East. It offers all the facilities for carrying on export-import trade: a large number of banks, good agents, warehouses that charge reasonable rates, and efficient handling of goods. Shipments can be landed at the port of Hong Kong without any formalities and steamship connections with other Far Eastern countries are excellent.

One of the problems in serving customers in the Far East is shipping time. For this reason Monsanto—and other Canadian companies may want to follow our example—uses Hong Kong as a depot from which to supply other markets. We maintain stocks there ready for shipment, say, to South Vietnam or Thailand, thus making possible delivery in two weeks instead of two months.

To follow this practice successfully, one must have a good agent and it is hard to discover a man who feels free to take on new accounts. Practically every exporting country is trying to sell in Hong Kong and the competition is fierce and unrestrained. Our agent, a capable one, looks after all the documents on shipments to other Far Eastern points, makes the shipping arrangements, invoices the buyers and collects from them.

Aside from the competition, selling in Hong Kong is as simple as selling in Montreal, with no import licences and no exchange problems. Payment can be made either in Hong Kong dollars or U.S. dollars. But to survive, you will need an agent who is on his toes and here the advice of the Canadian Trade Commissioner can be valuable.

Philippines

In most of these countries, much of the export-import trade is in the hands of the Chinese. Today some of the Far Eastern Governments are trying to give their nationals a greater share in it. This holds true in the Philippines and makes it important to choose as your agent either a Filipino or a U.S. company that has qualified under the Philippine regulations. To be honest, either choice has its drawbacks. The Filipinos have not had a great deal of experience in this type of business and the U.S. agencies tend to be ultra-conservative. The Chinese still carry on most of the smaller business though they may employ Filipinos as "front men". Make sure that whatever agent you select is in good standing with the Government.

South Vietnam

I met no Canadian businessmen in South Vietnam on my last trip, possibly because they do not realize its potential as an outlet for certain types of goods. At the moment, it is not as competitive a market as the other countries in this area. Here the Chinese still dominate business; they do the greater part of the trading and control most of the light industry. However, as in the Philippines, the Government is favouring the Vietnamese and making things more difficult for the Chinese.

Choosing the right agent may well prove the most difficult problem here. Local Vietnamese, the French, the Chinese, Americans and other foreigners are all established in the agency business. The French are less popular now and, as I pointed out already, the Government does not look too kindly on the operations of the Chinese. On the whole I feel that a Swiss or perhaps an American agent is the best choice.

For a man in search of orders, the timing of a visit to South Vietnam is important. ICA loans finance a good part of its import trade. Most of this ICA business is carried on under quotas issued four times a year, about two months before the quarter to which the quota applies. Once the quota is announced, an agent must apply immediately for foreign exchange if he is to get any of the business. In other words, marketing in South Vietnam comes to a climax once every three months; it is almost useless to try selling in between.

If the Canadian company's agent is to act quickly to secure ICA business, he must know what the company is in a position to ship, what quantities it can supply and at what price. This means keeping him informed about latest c.i.f. prices and making sure that he has adequate amounts of up-to-date sales literature. The government bureau that approves applications for foreign exchange rejects any application that includes prices higher than the previous minimum price for that commodity, regardless of quality. The letter of credit must be opened when the application for exchange is approved, so (as in Taiwan) speed of delivery matters. Monsanto maintains stocks in Hong Kong to give these customers better service.

This Indo-Chinese market is, I emphasize, a difficult one to understand without personal investigation. It is lively, fairly competitive, and for certain producers, well worth cultivating.

Thailand

Thailand, a stable little country with a sound currency, has a completely free market. This means brisk competition and I met many European businessmen travelling there (especially Germans) and a number of Americans. Commercial activity centres around Bangkok and most agents there have contacts upcountry for selling consumer and other products. To be successful however—as in most of the Far Eastern countries—the exporter must keep his prices as low as possible.

Up to now the Chinese have controlled most of Thailand's industry. Currently a movement is on foot to restrict their business activities and it is wise to keep abreast of any changes. Fortunately, good Thai or European agents are not hard to find.

One other development in Thailand needs to be watched closely. The Government has been considering imposing a type of sales tax on imported goods sold to Thai customers and has hinted that this tax may be made retroactive. (The agent might possibly absorb this tax and pass it on to the company he represents.) The object of the tax is apparently the raising of revenue.

Malaya and Singapore

Since the Federation of Malaya became an independent state over two years ago, alert exporters have regarded these two as separate markets. If a Canadian company, for example, ships products to the Federation through Singapore, he must pay duty on them when they cross the Malayan border. At Monsanto we no longer ship exclusively to Singapore but also make use of Port Swettenham and other Malayan ports, depending on the destination of the goods. As these ports develop, Singapore becomes less active ar its entrepôt trade falls off.

I am impressed by the progre that the Federation is making. I dustry is expanding sensibly ar systematically, (fostered by Pione Industry legislation as in Jamaica especially in the industrial estate Petaling Jaya on the outskirts Kuala Lumpur. Protective duti have been placed on imports finished goods but prospects for sel ing the materials and equipment th the new plants need are promisin

In trading with Malaya I fe that the best plan is to select a agency based in Kuala Lumpu which has branches in other centre such as Ipoh and Penang. The choose a separate agent for Sing pore, unless your Kuala Lumpu representative has a branch ther Our Singapore agent recently move to Kuala Lumpur, as have a numbe of other trading companies.

The Chinese still carry on mo of the agency work in the Feder tion and there is no discriminatic against them, though the Gover ment is encouraging more Mala to go into business. If you can fin a suitable agent in this area, it migl be useful to have him carry sma stocks in Kuala Lumpur and Sing pore and thus serve customers mo quickly. Most business in Malay today is done on sight draft ar sometimes on extended terms; lett of credit is out because of the competition. The majority of the impo restrictions have been removed an there is no shortage of foreig exchange.

Side by side with full-scale i dustries, the Malayan Governme is encouraging cottage industries i certain fields. This interests Mo santo, because plastics is one these. The Government encourage Malays to buy or lease small mould ing machines and trains them i using them. This small-scale pr duction also is expanding the ra materials and equipment market.

Go Back Again

Most business visitors to th Orient find there a different temp a different approach. These people are not businesslike in the North American sense. They love trading and look upon it as a major entertainment; they see no need to come to the point quickly. Before the Canadian can get down to brass tacks with them, he must sip a leisurely cup of tea, inquire after their families, carry on light conversation. Any other approach is considered impolite. After meeting your prospective customer in his office you will probably meet him again in the evening, when he entertains you at a Chinese dinner in a leading restaurant. And it is only by repeated visits to traders in these countries that the westerner can acquire an understanding of the techniques they use.

Visits help enormously with another problem—the granting of credit. Many of the traders do not run large bank accounts and there are few tangible evidences of their credit standing; credit ratings are largely unknown. Personal acquaintance with the importer, a chance to discover his reputation in the community, is the best answer to the problem. Monsanto tends to allow more credit than the man's bank statement alone would warrant and our judgment does not often prove to be faulty.

A first coverage of the Far Eastern market can accomplish a good deal, but the results will not be lasting unless the exporter keeps in close touch with his agents and customers. Our practice is to write directly (and airmail) to all our customers who can read English and to keep our agents supplied with samples and, when feasible, with bulletins printed in English. We are now discussing the printing of a bulletin in Singapore in Chinese for distribution in this area. But we emphasize above all regular visits to all our agents and our key customers in these countries—in the conviction that there is no substitute for on-the-spot sales promotion. ●

Going Up: Sales to Britain

Canadians are profiting from opportunities in the prosperous, largely unrestricted market in the U.K. What Canadian products have the largest share of this increased demand?

S. G. TREGASKES, *Commercial Counsellor, London.*

CANADIAN exports to the United Kingdom have increased substantially in the first nine months of 1960—by 20.2 per cent, rising to nearly $671 million, compared with the $558.2 million of the first nine months of 1959. This figure represents a postwar record.

Canadian businessmen and exporters frequently inquire why Canadian exports have increased in such a spectacular way this year and what products have contributed most to this increase. Briefly, the main reasons for the rise are the high level of industrial activity in the United Kingdom which has created a stronger demand for raw materials from Canada and the removal during 1959 of most of the import restrictions on processed foods and consumer goods originating in dollar countries. The lifting of these restrictions has permitted the export of products of this type from Canada for the first time in nearly twenty years.

Export Base Broadening

Detailed statistics of Canada's exports to the United Kingdom are available from the Dominion Bureau of Statistics for the first six months of this year and a comparison with those for the first six months of 1959 shows that 505 export items are listed in the first half of 1960 as against only 409 in the similar period of 1959. This suggests that the base of our export trade to the United Kingdom is broadening and that opportunities await Canadian manufacturers of a much wider range of products.

The export figures compiled by the Dominion Bureau of Statistics are broken down under ten main headings:

Agricultural food products
Agricultural non-food products
Animals and animal products
Fibres, textiles and products
Wood, wood products and paper
Iron and its products
Non-ferrous metals and products
Non-metallic minerals
Chemicals and allied products
Miscellaneous commodities

Under each of these categories, many products are listed. Some appear for the first time among exports to Britain for 1960; others show a decrease in value in 1960 from 1959; still others record substantial increases. An analysis of our exports to the United Kingdom under each heading in the first six months of 1960 follows.

88045-0—2½

• **Agricultural Food Products**—In this category, Canadian sales to Britain decreased by $17 million in the first half of 1960 compared with the first half of 1959—to $100 million from $117 million. The main reason was the decline in shipments of grain: wheat fell by $12 million, barley by $7 million, and oats by $1½ million. Certain agricultural products, however, found a larger market; examples are fresh apples, canned apples, canned corn, soups, frozen vegetables, canned vegetables, soyabeans, rye, bran shorts, food starches, macaroni and spaghetti, yeast, and vegetable food products. Products that appear in the 1960 statistics but not in 1959 include fresh pears, apple juice, nuts, pickles, sauces and ketchups, baked beans, tomato paste, canned tomatoes, tomato soup, canned peas, cereal foods, vegetable cooking fats, dessert powders and spices.

• **Agricultural Non-Food Products**—Exports in this group increased in the six-month period of 1960—to $35 million from $31 million in 1959. Sharing in this increase were gin, balsam, linseed oil and cake, soyabean oil and cake, linseed or flaxseed oil, rubber boots and shoes, rubber clothing, rubber manufactures, flaxseed, grass-seed, flower seeds, tobacco, fodders n.o.p., and non-food starches. Products appearing in the 1960 statistics but not in 1959 are rubber waste, rubber belting, inner tubes and tires for motor vehicles, and ground oat feed.

• **Animals and Animal Products**—In this category, exports dropped from nearly $18 million during the first six months of 1959 to just over $16 million in the same period of 1960. Exports of canned salmon fell by $6 million from 1959 to 1960 but this large decrease was nearly counterbalanced by increases in many products and by the export of many new items. For example, products with larger sales included frozen salmon, canned lobster, canned shellfish, fishmeal, fur skins, horsehair, cattle hides, upper leather, moccasin and leather slippers, boots and shoes, canned meats, herring oil, sausage casings, etc. Commodities that appear in the 1960 statistics but not in 1959 include purebred cattle, frozen fish, sole leather, leather clothing, fresh pork, butter, dried eggs and frozen eggs.

• **Fibres, Textiles and Products**—This category of products shows the most remarkable increase—from $300,000 in 1959 to $3.6 million in 1960. Products exported from Canada to the United Kingdom during the first six months of 1960 but not during the first six months of 1959 include cotton duck, cotton fabrics, men's shirts and pyjamas, underwear, cotton blankets, wool carpets and mats, foundation garments and textile gloves and mitts. Products with larger sales in 1960 than in 1959 included cotton thread and yarn, cotton waste, women's dresses, cotton clothing, wool waste, men's and women's wool garments, synthetic fibre thread, fabrics and dresses, and papermaking felts.

• **Wood, Wood Products and Paper**—A substantial increase in the dollar value of these exports was recorded in the first half of 1960 over the same period of 1959—from nearly $60 million to over $85 million. This increase was shared by nearly all types of lumber, plywood, wood pulp and newsprint, and building, insulating and container board.

• **Iron and Its Products**—Exports of iron and its products in the first six months of 1960 more than doubled the figure of the first six months of 1959—rising from nearly $10 million to over $21 million. Some items which appear in the 1960 statistics but not in those of the previous year are billets and ingots of steel, steel wire and rods, engines for motor vehicles, parts and attachments for mowers, and gas and oil stoves. Products that gained significantly from 1959 to 1960 include iron ore, ferro-silicon, pipe fittings, marine engines ar
parts, aircraft engines, garden ar
farm tools, hardware, washing m
chines, mining machinery, addi
machines and other bookkeepi
machines, typewriters, offi
machinery, power pumps, sh
machinery, woodworking machi
ery, motion picture apparatu
icemaking machinery, textile m
chinery, automobiles, ball bearing
guns and rifles, electric stoves ar
valves.

• **Non-Ferrous Metals and Produc**
—Nearly all products in this cat
gory rose in the first half of 19
over the same period in 1959,
contribute to an over-all increa
for the category from $106 millio
to $149 million. Included are al
minum, copper, lead, nickel, pla
inum, zinc, wireless apparatu
electrical apparatus, molybdenit
cobalt, cadmium, selenium ar
manufactures of non-ferrous metal

• **Non-Metallic Minerals**—Produc
in this category have shown rel
tively little change, with an expo
value of $6.1 million in the first ha
of 1959 and of $6.6 million in th
first half of 1960.

• **Chemicals and Allied Products-**
Exports of chemicals made substa
tial gains in the first six months
this year, up from $11 million
1959 to nearly $16 million in 196
Products contributing to this i
crease include acids, non-potab
spirits, creams, lotions and oth
cosmetics, perfumery, cobalt oxide
polystyrene and plastics, and sy
thetic rubber.

• **Miscellaneous Commodities**—E
ports under this heading increase
from $700,000 in the first s
months of 1959 to nearly $1 millio
in the same period of 1960. Pro
ucts with bigger sales than in th
earlier period include dolls, toy
sporting goods, brushes, buckles ar
fasteners, buttons, jewellery, fou
tain pens, refrigerators and part
stationery, cameras, dental equi
ment, scientific apparatus, boa
and canoes, aircraft and parts, pain
ings, and cartridges. •

The Mexican Market I

More than a quarter of our sales to Mexico last year consisted of chemical products—but the market is changing rapidly. To keep abreast of developments, here is an account of the Mexican industry today. Part II will discuss Mexican imports of chemical products.

A. A. LOMAS, *Assistant Commercial Secretary, Mexico, D.F.*

MEXICO'S chemical industry has recently become one of the most important sectors of the economy, accounting for almost 10 per cent of the value of all manufacturing. Its rapid growth—varying from about 10 per cent a year for basic products to 25 per cent for intermediate and finished products—is quickly changing the Mexican chemical market. Despite major increases in domestic production, however, total imports of chemical products are actually rising to keep pace with the demands of industry. An analysis of production and import trends may reveal opportunities for Canadian exporters; last year Mexico bought about $7.5 million worth of chemical products from Canada.

Mexico's apparent consumption of chemical products in 1959 is estimated at U.S.$342 million, of which local production accounted for about 60 per cent. Apparent consumption is calculated as follows (in millions of U.S. dollars):

Domestic production	$200
Imports	157
Total	357
Less exports	15
Apparent consumption	342

Basis of Industry

Until recently, the chemical industry was concentrated near Mexico City, Monterrey and Guadalajara. Although these areas continue to be the most important, new plants are going up closer to raw material sources in Tampico, Salamanca, Coatzacoalcos and the coalfields of the north.

Today there are about 1,000 chemical companies in Mexico, representing a total investment of over U.S.$250 million. Many are subsidiaries or affiliates of U.S. and European firms and most of the new processes are based on foreign developments. During 1959 alone, 99 new chemical plants were established and to keep pace, many existing companies enlarged or diversified operations.

Nature has richly endowed the country with raw materials to support this development. There are quantities of basic raw materials such as sulphur, lead, zinc, copper, coal, manganese, petroleum, natural gas, mercury, fluorspar, arsenic, and a wide variety of agricultural and forest products of chemical importance. A government-supported program of electrification ensures generally adequate power for most conversion processes. Rapid industrialization in other areas of the economy provides the necessary stimulus for chemical development by guaranteeing growing domestic markets for many chemical products.

Inorganic Chemicals

Although it is in the field of petrochemicals that major expansion is taking place, the inorganic chemical industry developed first. Many heavy chemicals are being manufactured locally and Mexico is striving for self-sufficiency in most types of industrial acids, alkalis and salts, and related products such as synthetic fibres, paints, fertilizers, insecticides, soaps and detergents. Some of these are discussed below:

- *Caustic Soda*—Since World War I, a number of companies have worked the Lake Texcoco alkaline deposits and the lake brine to recover soda ash for making caustic soda; annual output totals about 40,000 tons of soda ash and 22,000 tons of caustic soda. It is estimated that the lake contains 100 million tons of sodium carbonate and can therefore supply Mexican needs almost indefinitely. Two electrolytic plants in Mexico City and Monterrey are also making caustic soda, as well as chlorine, hypochlorite, hydrochloric acid and carbon tetrachloride. The Mexican market for caustic soda is estimated at 85,000 tons a year, of which about 65 per cent is supplied by local plants, including several paper mills which produce for their own consumption.

- *Acids*—For many years, Mexico's sulphur needs were met by imports of up to 10,000 tons a year, despite substantial output from natural gas conversion. The relatively recent discovery of major sulphur domes on the Isthmus of Tehuantepec has changed this situation completely and the four large plants using these deposits have been exporting up to a million tons of sulphur a year since 1957. As a result of the availability of low-priced domestic sulphur and the growing demands of local industry, there has been rapid expansion in production of sulphuric acid. There are now ten large producers with over-capacity to supply the domestic market of 250,000 tons a year, of which about 50 per cent is used by the fertilizer industry.

Mexico is also reaching self-sufficiency in hydrochloric and nitric acids. Production of the former totals about 10,000 tons a year, or more than 90 per cent of domestic needs; the 5,000-ton output of nitric acid must still be supplemented by imports of about 1,500 tons. Phosphoric acid production will increase greatly with establishment of a new 50-ton-per-day plant in the near future.

- *Salts*—A wide range of inorganic salts is being produced here, principally common marine salt, evaporated at several locations on both the Pacific and Gulf Coasts. Annual production totals about 150,000 tons, most of it for domestic consumption in the food, tanning, textile and chemical industries. In addition there is local production of sulphates of aluminum, copper, magnesium, sodium and zinc; sulphides of sodium and antimony; chlorides of calcium and mercury; nitrates of silver and bismuth; carbonates of calcium and magnesium, and others in lesser quantities.

- *Fertilizers*—Probably the most phenomenal growth in the chemical industry has taken place in fertilizers. Agriculture is still the mainstay of the Mexican economy and efforts to increase and improve crops have boosted fertilizer consumption by about 400 per cent in the past decade. The market is estimated at over 450,000 tons a year and domestic production has not been able to keep pace with growing demand. Local plants now turn out about 100,000 tons of ammonium sulphate, 85,000 tons of superphosphates and 100,000 tons of organic and mixed fertilizers; the remaining needs are met by imports. In addition, almost all the phosphate ro requirements (estimated at 70,0 tons for 1960) must be purchas from abroad. In an attempt to na row this gap, several new plants a under way or projected for produ tion of triple and superphosphates

MEXICAN PETROCHEMICAL PROGRAM

Products for Private Industry

(Published June 7, 1960)

	Quantity (metric tons per year)	Location	Estimated date of production
Ammonia	39,500	Salamanca	May 1961
	39,500	Minatitlan	May 1961
	39,500	Chihuahua	Pending
Ammonium sulphide	1,650	Salamanca	September 1960
Benzene	57,500	Minatitlan	July 1961
Toluene	10,000	Minatitlan	June 1961
Ortho-xylene	12,800	Minatitlan	late 1961
Meta-xylene and para-xylene	41,000	Minatitlan	late 1961
Cumene	15,000	Minatitlan	late 1961
Styrene monomer	10,000	Ciudad Madero	June 1962
Synthetic rubber GRS	20,000	Ciudad Madero	June 1962
High index BMCI	24,000	Salamanca	November 1961
Polyethylene HP	10,000	Atzcapotzalco	June 1962
Polyethylene LP	10,000	Ciudad Madero	July 1961
Dodecylbenzene	14,800	Ciudad Madero	July 1961
Sulphur	11,500	Ciudad Madero	November 1960
Petrochemicals Already Being Manufactured			
Dodecylbenzene	14,800	Atzcapotzalco	
Sulphur	11,500	Atzcapotzalco	
	46,200	Poza Rica	

Organic Chemicals

The most significant gaps b tween Mexican production and co sumption have been in organ chemicals and substantial quantiti have been imported each yea Planned developments in the petr chemical field will soon change th position. Until recently, most o ganic chemical production has bee based on coking byproducts, inclu ing tar, naphthalene, creosote, be zol and ammonium sulphate. The in turn have been used for maki preparations such as phthalic a hydride and DDT. Among oth organic products, there has bee excess production of acetic acid, f which the market is about 400 to a year, and this is expected to lea to the manufacture of acetates reduce imports of about 2,000 to a year. Although there is also ove capacity in citric acid, plans a under way to manufacture it fro molasses. Formaldehyde is bein made in sufficient quantity to su ply domestic needs, including r quirements of the large plywoo industry for formaldehyde co pound adhesives. Developments i the production of other produc (mainly organic) include the fo lowing:

- *Pharmaceuticals*—The Mexica pharmaceutical industry (see *Fo eign Trade* of August 16, 1958 turns out in some 450 plants a estimated 20,000 medicinal prep rations valued at about U.S.$12 million a year. Production is sti based primarily on bulk imports o antibiotics, vitamins and fine chem cals worth about U.S.$12 millio Local production is expanding i raw materials such as inorgani salts, glandular extracts, vaccine and vegetable drug extracts, so im ports will probably decline in relation to total sales. Salicylic and acetylsalicylic acids are also being made here and production of steroid hormones and cortisone has increased to such an extent that Mexico is now a major exporter of these products.

- *Fibres*—The synthetic fibres industry has been expanding rapidly and production of rayon and acetate staple fibre, filament yarn and tire cord now reaches over 20,000 tons a year. A relatively small amount of nylon 6 is also being made but not enough to satisfy the market—about 4,000 tons a year. Plans are under way to produce nylon 66 and to increase the output of nylon 6. Most of the primary chemical materials are imported, including cellulose pulp, cellulose acetate, caprolactam and some acetone.

- *Plastics*—The market for plastic manufactures is also growing rapidly and it is reported that about 250 firms are active in this field. Although a wide variety of plastic materials are being made, most of the basic chemicals are imported or are compounded from imported intermediates and monomers. Imports include phenol, styrene, vinyl resins, glycols, and some alkyd resins but many of these will soon be made locally as a result of petrochemical developments.

- *Detergents*—Mexico has been making laundry and industrial soaps for many years, using local vegetable oils. Current soap sales are estimated at 100,000 tons a year but this is being seriously affected by increasing production of synthetic detergents (now about 40,000 tons a year). Until recently most of the basic chemicals needed for the manufacture of detergents were imported, but sodium phosphate and dodecylbenzene are now available in Mexico and production of other basic materials is planned.

- *Paints*—The fast-growing Mexican paint industry was described in *Foreign Trade* of May 21, 1960. At present there are four zinc oxide plants and one lithopone plant supplying the industry in Mexico. Two major companies are beginning to produce titanium dioxide, previously imported, and it is expected that carbon black, of which 10,000 tons are used a year, will also be made locally. Most colour pigments are already being manufactured here and projected petrochemical plants will greatly increase availability of toluene and xylene, about 90 per cent of which has been imported.

Petrochemical Program

During the past two years, petrochemicals have suddenly captured the attention of government, industry and the public. Because of the government monopoly of the oil industry through the Federal organization Petroleos Mexicanos (PEMEX), activity in this field is generally charged with some emotion and certain political overtones. By law, the production and use of natural hydrocarbons, basic refinery products and certain petrochemicals have been reserved for PEMEX. Private industry, however, is being invited to participate in the petrochemical program through the manufacture of derivatives of these basic products.

Mexican crudes are of the asphaltic, paraffinic and naphthenic groups and are generally high sulphur-bearing. Producing fields are spread throughout the country and major refinery centres have been established at Ciudad Madero, Mexico City (Atzcapotzalco), Minatitlan and Salamanca, with smaller refineries at Poza Rica and Reynosa.

The Government has recently announced its basic petrochemical program which will in time convert these areas into vast chemical manufacturing complexes. Included in the projects are three plants for producing anhydrous ammonia to be used in making fertilizers, explosives and plastics. For the aromatics, new facilities are planned to produce benzene, toluene, ortho-xylene, meta-xylene, ethyl benzene and cumene. Major operations are proposed in the synthetic rubber field, including plants for the output of styrene, butadiene, GRS and high index BMCI. Polyethylene will be made at two plants. Also planned is large-scale production of ethyl chloride (for the manufacture of tetraethyl lead), ethylene, ethylene dichloride and bromide, and vinyl chloride.

This program, under which most of the new plants should be in production within three years, is a vast undertaking requiring not only huge expenditures for construction and equipment but also the most exacting engineering and scheduling. PEMEX has therefore signed licensing and engineering contracts with several big foreign companies, including the Lummus Company, Fluor Corporation, Arthur G. McKee Company, Universal Oil Products Company, Imperial Chemical Industries, Phillips Petroleum and the Canadian Polymer Corporation.

Although PEMEX will use a large proportion of the basic products in its own intermediate processing, many will be made available as raw materials for private industry. The table on page 8 lists these products, locations of manufacture, and estimated dates for the plants to be brought into production. ●

Music Copying Made Easy

AN Australian has invented a machine, said to be the first successful one of its kind in the world, that promises to take the drudgery and expense out of music copying and printing. The inventor says his machine can copy sheets of music quickly, cheaply and accurately, and can be operated by persons with no knowledge of music. The operator punches a keyboard with his right hand and operates a line-and-space selector with his left. The machine can cut stencils for reproducing duplicate copies and print in the words of a song or the composer's expression marks. It can use ordinary, unruled paper because it rules its own lines. World patents have been taken out.

—Paris-Burgat

The great Grande Dixence hydro-electric development, under construction in the Canton of Valais, will be completed about 1965. The dam will rise to 930 feet.

Switzerland Develops Electric Power

Intensive development of waterpower supplies Swiss railways, industries and homes with electricity; development of sites continues, plus study of atomic power for long-term future.

JOHN H. NELSON, *Assistant Commercial Secretary, Berne.*

SWITZERLAND'S production of electricity is based almost entirely on waterpower, virtually the only natural resource of the country. The Swiss have developed it to the point where it not only runs the railways —they are now 100 per cent electrified—but also provides energy for a highly industrialized economy.

The first hydro-electric power stations were built at St. Moritz in 1879 and Lausanne in 1882. In 1896 one of the first stations in the world designed to transmit power
over relatively long distances v
constructed at the Rhine Falls
the Rhine River near Schaffhaus
with a capacity of 12,500 kw. M
of the hydro projects in the 180
and early 1900's were construc
on the rivers of the valleys a
plains, where it was possible
make use of a large volume
water with a small head, and t
building of expensive water res-
voirs was unnecessary.

As sites in the valleys and pla
near centres of consumption we
exploited, it became necessary
examine and develop water pote
tial in the mountain regions. T
hydro-electric power stations
these regions depend on reservo
and they generate power with
lower volume of water but with
greater head. Although the cost
construction is higher, these statio
provide not only flood control b
also a source of power that is reg
lar and can be controlled. In st
tions downstream on the rivers, t
volume of water fluctuates with t
seasons.

Consumption of Electricity

During the last twenty years t
population of Switzerland has i
creased by slightly more than 1 p
cent a year. During this same peri
the annual per capita consumpti
of electricity has risen by 5 per cen
until today it totals 3,100 kwh. p
person. This rate of consumption
exceeded only by Norway, Swede
and Luxembourg in Europe, and
Canada and the United States. It
double the consumption in Germa
and Austria, two-and-a-half tim
as much as in France, and thr
times as much as in Italy.

Swiss production of electricity
the year April 1, 1958, to Mar
30, 1959, totalled 18.18 billi
kwh.; of this, only .103 billion ca
from thermal stations. About .9
billion kwh. were imported.

Electricity consumption duri
the same twelve months reach
16.26 billion kwh. and 2.8 billi
kwh. were exported. This power w
used as follows:

	Per cent
Households, business and agriculture	35
Electro-chemical and electro-metallurgical industries	16
Exports of power	15
General industry	14
Transmission losses	10
Railroads	7
Electric boilers and irrigation	3
Total	100

Imports and Exports

The exchange of electric power between Switzerland and the neighbouring countries of Italy, France, Germany and Austria is of mutual advantage. In summer Switzerland has a surplus of power while the other countries generally have a shortage. The situation is reversed during the winter months. To facilitate these exchanges, there are more than 20 high-tension transmission lines.

Imports of electricity into Switzerland are completely free. Exports, on the other hand, are strictly controlled by the Federal Office for Electric Economy, which grants export licences only if there are no buyers in Switzerland for the block of power being offered. As an importer and exporter of electric power, Switzerland is a member of the Union for the Co-ordination, Production and Transmission of Electricity (UCPTE) set up by the Organization for European Economic Co-operation (OEEC). The terms of reference of the Union are to co-ordinate the efficient exchange of electric power among member countries and to encourage the exchange of information.

Hydro-Electric Stations

As of January 1, 1960, 426 hydro-electric power stations were producing 300 kw. or more. Of these, 76 were producing 20,000 kw. or more. The need for even more electricity is evident from the fact that at the beginning of 1960, 23 stations that will have a capacity of 5,000 kw. or more were under construction. Most of these are being built in the mountain cantons of Grisons, Valais and Tessin.

An outstanding example of the stations under construction is the Grande Dixence hydro-electric development in one of the lateral valleys of the Rhone River system. This dam, which will use water from the glaciers in adjacent valleys, will have a record height of 930 feet and will form a lake 3½ miles long and an average of a half-mile wide, with a total storage capacity of 520 million cubic yards of water. It will have a high-water mark 7,750 feet above sea level.

The first steps in the construction of the Grande Dixence were taken in 1950. When the whole project is completed about 1965, the installed capacity of the two power plants will total one million h.p. developed by using a head of 6,300 feet in two steps. The Grande Dixence is the largest project of its kind ever undertaken in Switzerland and it will add approximately 10 per cent to the present capacity of Swiss power stations.

Future Developments

A recent survey of Switzerland's water resources indicated that it is practical to develop approximately 30 per cent, or 34 to 35 billion kwh., of the unused hydro potential. Construction is in progress or plans are being made that will take up about one-half of this potential. It is estimated that it will be 15 to 20 years before the entire usable potential is developed.

Even though the existing hydro-electric production represents only approximately 50 per cent of the potential, the possibility of using atomic power is being studied. It is expected that Switzerland will try to develop a Swiss-designed and produced atomic power reactor. It may take at least four or five years before a prototype reactor is ready and another few years before a full-scale reactor could be placed in operation. Thus, the development of hydro-electric power stations must continue to meet the increased requirements of electricity for a number of years to come. ●

Egypt's Cotton Textile Industry

IN Egypt's drive for greater industrialization, no enterprise is better suited for expansion than the cotton yarn and textile industry. The basic raw material, the world-renowned Egyptian raw cotton, is available in abundance. Labour is both cheap and plentiful and a good deal of technical experience has been accumulated.

Total capital investment in the textile industry now represents about one-quarter of paid-up capital in the whole industrial sector and its labour force of 100,000 makes it the largest single employer apart from agriculture. Productivity is low by European standards, but so are wages. Thus Egypt has what is needed to improve its competitive position.

After surmounting various difficulties since its beginning in 1899, the textile industry expanded rapidly in World War II when imports were cut off. In 1952, when problems were many, a Cotton Consolidation Fund was set up to promote efficiency, improve quality and develop exports. Technical controls were adopted, central sales offices opened in Geneva and Damascus, and training centres established. These efforts enabled the industry to weather the recession in the world textile industry in 1958.

The increase in exports has been spectacular: they rose this year above 1959 by 40 per cent for yarn and 62 per cent for cloth and are contributing materially (10 per cent of total exports) to much needed foreign exchange reserves.

Egypt's best customers for yarn are the Communist countries, which recently increased their purchases from 40 to 80 per cent of total exports. The most important markets for textiles are the neighbouring Arab countries, whose purchases in the last few years have averaged two-thirds of total exports. Sales to Western Europe and the United States have been increasing in the last three years.

The current Five Year Industrialization Plan calls for an increase in annual production by 22 million pounds of yarn (200.8 million in 1959) and 20 million metres of cloth (500 million in 1959) as well as increased capacity for dyeing and finishing.

—D. S. ARMSTRONG,
Commercial Counsellor, Cairo.

More Americans are taking to the waterways in bigger boats—bu Canadian boat-builders are not increasing their U.S. sales in proportion. Our Trade Commissioner in Detroit gives basic informatio on this nearby market, plus suggestions on how to exploit it.

Boating Boom in Michigan

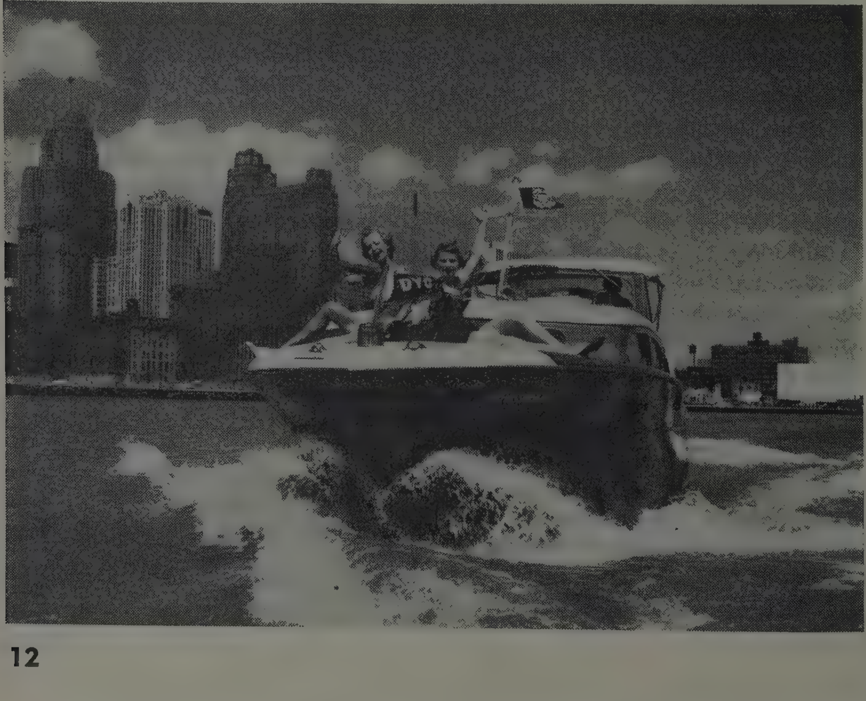
ROBERT GORDON, *Consul and Trade Commissioner, Detroit.*

POWER-BOATING in Michigan in the postwar years has become a major recreation for thousands, thanks to the high standard of living enjoyed by much of the population and the unequalled opportunities for water sports that the state offers. Within its boundaries it has more than 11,000 lakes and over 3,000 miles of shoreline bordering on the Great Lakes. Many large areas of water are close to heavily populated cities and thousands of its lakes lie within easy reach of vacationers.

Michigan now has an estimated 500,000 boat-owners—some 250,000 of them in the Detroit metropolitan area alone. New subdivisions bordering Lake St. Clair in the eastern suburbs are being developed with canals running from the lake so that the home-owner can dock at his back door. Detroit also has used-boat lots where an old boat can be used as a down payment on a newer and larger model bought on the instalment plan.

The popularity of boating has given the boat-building industry in the U.S. a boost, because most of the power boats are made domestically, not imported. According to the *Directory of Michigan Manufacturers,* Michigan alone had in 1959 some 97 boat-building firms.

The market for boats covers a wide range of types. The size of the average boat sold has increased in recent years. Several years ago, the 14-foot was the most popula size but during the 1960 season th 16-foot outboard hull sold best i this area. In addition to the outboard hulls, there are many inboards sold in the parts of Michiga bordering the Great Lakes, when larger and more powerful craft ar required. Moulded plywood boat are the most popular type in th Detroit area, but the split betwee wood and other materials, such a fiberglas and aluminum, is abou even. It seems, however, that boat made from wood are regaining som of their former popularity.



Trends in Design

New developments in the boatin field hold considerable interest fo the future of the industry. Jet boat were seen on the Detroit River fo the first time in the summer of 196 These operate by drawing wate into a turbine through a gratin (which screens seaweed and othe extraneous material) and expellin it at the rear of the boat with je force. The boat is steered by changing the direction of the jet. Thes boats have a draft of only a fe inches and hence open up areas o water formerly impassable to standard hulls. Extensive research is als being carried out on hydrofoil boats in which the hull of the boat i raised above the water by hydrofoil wings. The hydrofoil gives smoother ride and provides equa performance using lower horsepower. One of the latest developments in the power-boat field i expected to result from experiments being conducted by a large American outboard motor manufacturer. He is trying to develop a hull that will take an outboard-type motor inside the boat.

Canadian Share

How are Canadian boat builders doing in this lucrative U.S. market almost on their doorstep? As production and sales of boats in the United States have been expanding and imports of boats have increased, our share of the business has been declining appreciably. In 1959, 10,024 foreign boats in the $15,000 and under class were imported; they were valued at $5,612,044. This is a substantial increase over the 7,331 boats valued at $2,449,921 imported in 1954. In that year, we shipped to the United States 6,105 boats in the $15,000 and under class, valued at $1,288,131. In 1959, our business in a much larger market amounted to only 1,047 boats valued at $575,913.

Import figures for the chief boat suppliers to the United States in 1959, according to the United States Department of Commerce, are as follows:

IMPORTS OF BOATS

(less than $15,000 unit value)

	No.	Value $
Netherlands	434	840,356
Japan	4,609	673,863
Canada	1,047	575,913
United Kingdom	592	462,283
Germany	901	333,133
Total	10,024	5,612,044

How to Sell

What stands in the way of the Canadian boat-builder gaining a larger share of the U.S. boat business? He often finds that competing against the U.S. manufacturer is difficult because the latter offers good distribution services, extensive advertising, new lines, and often better terms.

The larger U.S. manufacturers usually sell directly to wholesalers or dealers and employ a staff of salesmen who visit their accounts regularly. They also do extensive advertising and organize sales promotion projects in conjunction with dealers. Smaller firms prefer to use the services of a manufacturers' representative or agent, who usually receives 5 per cent commission on the dealer price of all boats sold in his territory. It is then up to the manufacturer to process orders, arrange for direct shipment, and collect from the dealer.

How Big is the U.S. Market?

- *An estimated 7.8 million boats were in use in the United States in 1959, compared with about 5.3 million in 1955, an increase of 47 per cent.*
- *Of this 7.8 million, about 4 million were outboards and 800,000 inboards, including auxiliary sailboats.*
- *Some 5,844,000 outboard motors were in use in 1959 and many of these powered the 2.5 million rowboats and other miscellaneous craft which navigated United States inland and coastal waters.*
- *Some 5,000 different models, ranging from 12-foot outboards to 42-foot cabin-cruiser types, are turned out by domestic manufacturers.*
- *The average boat buyer in 1958 spent about $1,300 for his boat, motor and accessories.*
- *The U.S. today has about 5,000 marinas and boat clubs and 700,000 launching sites.*

To overcome this strong competition, the Canadian may choose one of two main courses of action: he may appoint an agent (either on a state or national basis) to handle his lines at the wholesale and retail trade level, or he can sell directly to dealers in Michigan.

If he chooses the first alternative, the personal sales function of the agent cannot be over-emphasized in obtaining a firm commitment from the wholesaler or dealer to handle a specific line. In order to secure a reliable agent, it may be advisable for the Canadian manufacturer to exhibit at the annual trade show of the boat industry which is held in Chicago in the fall of the year. This show is open to the trade only and the public is not admitted.

Direct-to-dealer distribution, which is particularly attractive to boat-builders in Ontario because of geographical proximity to the market, may be more profitable if a large number of dealers can be interested in handling the line. To achieve this, the savings on the agent's commission and wholesaler's mark-up must be diverted into maintaining an adequate sales force and promoting an effective advertising program. It may also be useful to exhibit at the Detroit Boat Show held annually in the City of Detroit, either on one's own account or in collaboration with a Detroit dealer. The next show takes place in February 1961 in Detroit's new Cobo Hall, where the hope is to fill 300,000 square feet of space. If this target is achieved, the Detroit Boat Show will become the second largest in the United States. Information about this show can be obtained from the Detroit Boat Show, Inc., 1634 East Warren, Detroit 24, Michigan, or by writing the Canadian Consul and Trade Commissioner, 1139 Penobscot Building, Detroit 26, Michigan.

Shipping, Customs, Terms

Most U.S. firms and particularly boat dealers have not the time nor the knowledge to clear shipments from Canada through Customs and for this reason many shy away from handling Canadian boats. Canadian manufacturers who wish to sell to American dealers thus should arrange to quote duty-paid prices, f.o.b. some U.S. centre, such as Detroit or Chicago.

One way of handling the customs problem is to consign shipments care of a U.S. customs broker near the port of entry. The broker can look after documentation, customs clearance, payment of duties and forwarding of the shipment. The Canadian manufacturer will then be billed for these charges either on each shipment or monthly, so that laid-down dealer prices can be calculated to cover the duty and other costs.

The dealer's discount ranges between 30 and 50 per cent, with extra quantity and seasonal discounts. Terms of payment vary, but are generally sight draft, bill of lading attached; or 25 per cent with order, balance sight draft, bill of lading attached; or, with well-established dealers, open account.

Trade Commissioner Can Help

Canadian boat-builders thinking of entering this lucrative market can get help on market evaluation and sales approach through the Canadian Trade Commissioner in Detroit. He can provide names of agents, wholesalers and dealers for direct contact. Success, it must be emphasized, depends on an aggressive marketing program and follow-through by the Canadian manufacturer himself. ●

Commodity Notes

Aluminum

FRANCE—A record 173,000 metric tons of primary aluminum were turned out in metropolitan France last year, another 42,315 tons were produced in Cameroun, and about 33,000 tons of unalloyed ingots were imported. Reduction capacity in France has gone up this year from 170,000 to 250,000 tons—Paris.

SPAIN—It is estimated that exports of Spanish aluminum, produced at the Avilés and Valladolid factories, will total approximately 20,000 tons in 1960. Exports to the U.K. are expected to reach some 8,050 tons, and further attempts are being made to find new outlets —Madrid.

Cement

UNITED STATES—Michigan cement plants have a total capacity of 30 million barrels a year. In 1959, of the 22 million barrels produced 15 million were sold in the state and seven million were shipped outside. Increased consumption because of road-building and construction will require 30 million barrels by 1980, it has been estimated.

A 500-million-barrel deposit of high quality limestone recently found in Munroe Country has supplemented Michigan's sources of this raw material and will assure a high production of cement in years to come—Detroit.

Footwear

ITALY—The footwear industry is expanding considerably. On the basis 1953=100, the production index stands at 168 for the first five months of 1960. The industry comprises large factories, small workshops and home production. It is particularly successful in the export field; in 1951, Italy exported 300,000 pairs of leather footwear valued at $1.5 million; in 1959, sales totalled 17.5 million pairs valued at $76.0 million —Rome.

Frozen Fish

NORWAY—A sample shipment of about ten tons of Norwegian frozen fish is now being sent to markets in France and Northern Italy to test the chain of refrigerated transport and storage facilities required to deliver the fish to the consumer in first-class condition. The experiment, being undertaken under the sponsorship of the European Productivity Agency, will aim at finding the cheapest and most efficient method of transporting fish to these markets. Norwegian engineers will accompany the consignment on its journey by rail to North Italy and France, making tests during the trip to determine whether satisfactory standards of refrigeration are maintained. They will also test conditions at the refrigerated storage plants that will receive the fish, in the refrigerated vans that will distribute it, and in the deep-freeze counters from which it will be sold—Oslo.

Frozen Foods

SOUTH AFRICA—Quick freezing of food started on a kitchen scale in a small plant in the heart of Cape Town just after the war. Nowadays hundreds of tons of food are frozen in three leading factories in the Union and the presence of a freezing cabinet in nearly every retail foodstore shows the progress that the South African quick-freezing industry has made—Cape Town.

Galvanized Wire

PERU—A Peruvian firm has been established by local investors to manufacture galvanized wire, using materials produced in the steel mill at Chimbote. The company's capitalization is approximately $315,000; annual production is estimated at 5,000 tons, about 50 per cent of present imports—Lima.

Hams

VENEZUELA—The Ministry of Development announced on October 30 that no import licences for ham will be granted because local production is now sufficient to meet demand. This will apply to cured and canned hams but not to fresh pork imported for curing locally—Caracas.

Kraft Paper

UNITED STATES—St. Mary's Kraft Corporation of St. Mary's, Georgia, recently announced that it is enlarging its plant to add a third 236-inch Beloit paper machine. The plant expansion will cost about $8 million and work has already begun—New Orleans.

Lead

SOUTHWEST AFRICA—A lead smelter and refinery will be built at an estimated cost of £4.3 million adjacent to the copper smelter being built at Tsumeb, South West Africa. The factory will come into production toward the middle of 1963. The general manager of Tsumeb Corporation recently predicted that the smelter would produce between 80,000 and 90,000 tons of refined lead a year; it will also have facilities for the recovery of silver, cadmium and arsenic. It is expected that much of the equipment will be bought in South Africa. The corporation will invest £7.2 million during the next 3½ years in the metallurgical factories being built at Tsumeb and in development of its mine in the northern part of the country—Cape Town.

Nylon Fabrics

IRELAND—Millstreet, Co. Cork, expects by May 1961 to have in operation a new £250,000 factory producing nylon fabrics, carpets, upholstery, coats and toys. The entire output will be for export. This new venture is owned and operated by a group of British industrialists—Dublin.

Nylon 66

MEXICO—Joint U.S.-Mexican capital has recently been invested in a firm Chemstrand S.A. for the purpose of manufacturing nylon 66. This is the first venture of its kind in Mexico, which until now has produced only perlon and nylon 6. However, this new product with its distinct advantage of durability will find a ready market in the local manufacture of tire cord and textiles. Production is expected to begin about May 1961—Mexico, D.F.

Olive Oil

ITALY—The latest estimate of olive oil production for 1960 is 350,000 metric tons, compared with an annual average over the past 12 years of 243,600 tons. Despite the pronounced increase in the production of olive oil as well as output of about 100,000 tons of other types of edible oil, domestic supplies fall short of total demand by 100,000 to 150,000 tons a year—Rome.

Phthalic Anhydride

ITALY—A new plant with an annual capacity of 10,000 tons of phthalic anhydride has recently been opened near Genoa to meet the steadily increasing demand from manufacturers of resins, plastics and colouring materials. The plant is a member of the leading chemical group of Montecatini. All machinery and equipment, including a reactor, has been supplied by Italian manufacturers—Rome.

Power

GREECE—On September 5, Greece's electric-power grid was linked up with the Yugoslav power grid and through it, with the power networks of all Europe, as far as Spain and the Netherlands. A second thermo-electric unit at the Ptolemais (Western Macedonia) lignite development district will be built at a cost of $15 million and will have an installed capacity of 125,000 kw. and an output of 900 million kw. a year.

Greece's electrification program, initiated in the early fifties and now being carried out by the government-controlled Public Power Corporation, is the sector of the Government's economic development plan which has made the greatest progress. By the end of 1958 per capita power consumption had risen to 233 kwh. a year from 93 kwh. in 1951. It is expected to reach 800 kwh. by 1970. PPC projects currently under way include, among others, the 80,000 kw. Megdova River hydro-electric plant built at a cost of $30 million, and the 550,000 kw. three-dam hydro-electric development on the Acheloos River at a cost of $120 million—Athens.

Steel

FRANCE—Construction has begun on a steel plant with an annual capacity of half a million tons at Bône in Eastern Algeria. The $164 million project is being built in agreement with the French Government by the French Steelmakers Association.

Incorporated as the Société Bonoise de Sidérurgie, it will be owned by 32 private steel companies who are responsible for 90 per cent of total French steel production and whose share in the new enterprise will be 51 per cent. Two international banks will control 29 per cent and the Société des Mines de l'Ouenza 20 per cent. Work is scheduled for completion in 1964, although production is due to begin before the end of 1962—Paris.

SOUTH AFRICA—During the next 12 years, ISCOR, the major steel producer in the Union, plans to spend over $750 million in doubling its present ingot capacity of 2.35 million tons. This will probably mean a completely new mill, as well as extensions to existing ones at Pretoria and Vanderbijlpark. The first stage of this expansion in 1961 will cost $150 million. Most of the engineering requirements will be handled by South African firms. Two Groef rotor plants were recently installed as part of the present modernization program at ISCOR, which is controlled by the Government—Johannesburg.

Tomatoes

JAMAICA—Following last year's success in marketing cucumbers in the U.S., a trial plot of fifty acres of tomatoes for export is being planted this winter. Supplies from Cuba, the traditional U.S. supplier, are expected to be much smaller and Jamaica hopes to obtain a share of the business—Kingston.

Wallpaper

NEW ZEALAND—The first plant to produce wallpaper in New Zealand was opened recently. This mill, the largest in the southern hemisphere, is producing 3 patterns of paper, and the company, a joint enterpris by New Zealand's United Empire Box and the Britis firm Smith and Walton, plans soon to offer some 200 odd patterns—Wellington.

Zinc, Lead and Copper

PERU—The Cerro de Pasco Corporation has announced that it will invest U.S.$6.8 million in th expansion and improvement of its facilities. The presen 32,000-ton capacity of the electrolytic zinc plant at L Oroya will be enlarged to 52,000 tons of special high-grade zinc. The concentrator at the company's principa operating mine at Cerro de Pasco will be expanded t accommodate an increased volume of copper and lead zinc ores to be mined by the open-cast method. It i believed that this investment will not affect appreciabl the world supply of these metals, but the proportion o concentrates exported will be reduced—Lima.

Trade Commissioners on Tour

In Canada

B. HORTH, Assistant Commercial Secretary in The Hague Netherlands:

Vancouver—Jan. 20-24

When he completes his tour, Mr. Horth will be posted t New Delhi, India, as Assistant Commercial Secretary.

Businessmen who wish to see Mr. Horth should get i touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto Winnipeg and Edmonton, the Trade Commissioners mak their headquarters at the offices of the Canadian Manufacturer Association; in Windsor, Ontario, at the offices of the Greate Windsor Industrial Commission; in St. John's, Ottawa an Vancouver, at the Department of Trade and Commerce; i Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development

In Territory

W. D. WALLACE, Commercial Counsellor in Caracas Venezuela, will visit Maracaibo, and Aruba and Curacao in the Netherlands Antilles, from January 9-20.

J. E. MONTGOMERY, Assistant Commercial Secretary in Caracas, Venezuela, will visit Maracay, Valencia, and Puert Cabello on January 4-5.

Businessmen who would like Mr. Wallace and Mr. Montgomery to undertake assignments should get in touch with them at Caracas as soon as possible.

Venezuela Buys Plywood

Canadian sales of plywood to this market have dropped at a time when Venezuelans have been buying larger quantities. Why? The Caracas office provides the answer.

J. E. MONTGOMERY, *Assistant Commercial Secretary, Caracas.*

PLYWOOD in Venezuela is used mainly in two ways: either as concrete facing forms or by the furniture industry and for other carpentry purposes, such as panelling for homes and offices. A local plywood manufacturing industry has grown up over the past four years behind relatively high tariff barriers and using local lumber—mainly mijao, cedar and mahogany. Raw materials for making plywood from special species of wood are imported either as veneers or peeler logs. Low-quality plywood is used extensively for facing forms in concrete construction; the normal size is 8 x 4 feet x ¼ inch.

The latest available Venezuelan statistics for plywood imports are are shown in Table I.

The figures given in the table are based on the country from which the plywood was shipped and do not necessarily indicate accurately the country of origin. They are thus useful only for comparative purposes. For example, Israel was a major supplier of plywood to this market during 1958 and 1959 but is not mentioned in the trade figures.

Venezuela imports various species of wood in the forms of plywood. Table II below indicates the major suppliers and the species they ship to Venezuela.

Local Industry

There are six major producers of plywood in Venezuela and total daily production approximates 60 cubic metres. This does not satisfy local demand, but because the industry is protected by fairly high tariff barriers it dominates the market.

TABLE I IMPORTS OF PLYWOOD INTO VENEZUELA

	1958		1959	
	Quantity (kilograms)	**Value** (Bolivars)	**Quantity** (kilograms)	**Value** (Bolivars)
Alaska	6,213	5,366		
Austria			28,926	43,198
Canada	388,701	258,480		
Denmark			700	4,304
Finland			5,804	1,372
France	53,018	70,535	105,474	423,274
French West Africa			1,170	1,380
Italy	182,975	332,017	102,962	276,068
Japan	2,722	3,118		
Morocco	5,130	6,177		
Netherlands	5,570	8,331		
Puerto Rico		50		
Spain	31,875	43,344	49,010	73,187
Surinam	13,880	15,645		
Sweden	62,410	96,059		
United Kingdom			538	1,983
United States	61,619	97,147	2,692	32,436
West Germany	2,448	6,228	294,670	203,903
Total	816,561	942,497	591,946	1,061,105

Plywood is grouped under two headings in the Venezuelan tariff schedule. Ordinary plywood (poplar or low-quality African okume) pays a duty of Bs.1.25 a gross kilogram. Fine plywood (mahogany, maple, walnut, cedar, rosewood) pays a duty of Bs.1.50 a gross kilogram. With the tariff based on weight, customs charges are relatively high.

Venezuelan producers sought for some time to have plywood put under import licence and action was finally taken effective June 18, 1960. They are also pressing for the removal of the tariff on peeler logs of special species that they import; the present tariff on these is Bs.0.15 a gross kilogram. The current customs charges mean that the duties approximate 100 per cent of the value of the logs.

Prospects for Canadian Sales

Canadian exports of plywood to Venezuela lost ground between 1958 and 1959 (as the table shows) because of the uncertain financial position of the local wood-products trade. In addition, many public works projects sponsored by the Venezuelan Government were completed and very few new building

TABLE II

Species of Plywood Imported and Main Suppliers

Country	Species
Alaska	fir, pine
Canada	Douglas fir
United States	fir
Spain and France*	obeche, sapele
Surinam	South American hardwoods
Italy	poplar
Japan	luan
Morocco	North African hardwoods
Sweden	mainly wallboard and prestwood rather than plywood
Austria	Softwoods
Israel	sapele, utile, okume, mahogany (mainly from North African veneers)

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*Originating in their African territories.

schemes were started during that period. The following figures give Canadian sales for 1958 and 1959 and were provided by the Dominion Bureau of Statistics.

Canadian Exports of Plywood to Venezuela

Year	Quantity	Value
1958	588,473 sq. ft.	$57,918
1959	41,743 sq. ft.	2,685
1960 (Jan.-June)	102,464 sq. ft.	9,181

The figure for 1958 includes substantial shipments for construction work on the national steel mill in eastern Venezuela. This mill was constructed under government contract and therefore plywood facing forms for the concrete were exempt from duty.

The chief problem in increasing sales of lumber and wood products to this market is financing. Venezuelan importers of lumber and wood products are willing to buy only on sight draft and prefer long payment terms. However, Canadian exporters would be well advised to use caution in granting long-term credit.

Canadian exporters should not expect to increase sales appreciably unless they are willing to offer unlimited credit, but there is ever indication that spot sales will continue. Opportunities for Canadia suppliers seem to be best in tw main lines—special marine plywoo and plywood for concrete facin forms, particularly for use in government projects where the shipments would be exempt from duty

Canadian plywood exporters interested in this market can obtai further details about governme public works, buyers, and possibl agency connections by writing t the Commercial Counsellor i Caracas. ●

Advertising Abroad

In Norway, newspapers and periodicals are the major media; the Government does not permit radio or TV advertising.

B. G. R. BARTON, *Office of the Commercial Counsellor, Oslo.*

ADVERTISING is well entrenched in Norway and is widely used. However, it has not achieved the same prominence as in a number of other countries; for example, one seldom sees a full-page advertisement in a newspaper. Naturally, costs have to be balanced against estimated returns and it is probable that the population and its distribution has limited the amount of money that companies consider it profitable to invest. Norway has only some 3½ million people and about one million of them live in towns. The standard of living is high throughout the country and it is probable that the market is evenly divided among all classes, although tastes and needs may differ slightly from one area to another.

During the last few years advertising expenditures have risen sharply. Figures obtained from the National Sales and Advertising Association show that, whereas in 1949 there were 11 fully licensed advertising agencies in Norway with business totalling $1.5 million, this number had increased by 1959 to 23 fully licensed agencies with business totalling $17 million. (Because there are a number of smaller agencies, these figures do not give the total amounts spent on advertisin in these years.)

Both radio and television are stat controlled and advertising in eithe of these media is not permitted Thus the bulk of Norwegian advertising is done in newspapers and periodicals.

Newspapers

The Norwegian Newspaper Guil consists of 168 newspapers with a total circulation of about 1.6 million. It is estimated that 159 of these newspapers reach 1,037,000 families, and that the average price of a 100-millimetre (3.937 inches) single-column advertisement appearing in all these papers simultaneously is about $800, or approximately eight cents per family. Of course, advertising costs vary considerably with the newspaper chosen, the position of the ad inside the paper itself, and whether two colours or black-and-white only are employed. Prices range from about $75.00 for a two-colour advertisement of 100 millimetres (3.937 inches), single column, on the front page of a leading Oslo daily, to about $4.00 for a black and white of the same size in one of the local newspapers. Reproduction is good and there is little to choose in this respect between photographs and line drawings. Modern practice tends to cut explanatory text to a minimum, but the name of the product, the manufacturer or the dealer should receive good display. As a general rule, the Oslo daily newspapers have the widest circulation throughout the country. The following table lists papers with a circulation of over 20,000.

City	Newspaper	Circulation
Oslo	Aftenposten (morning)	158,000
	Aftenposten (evening)	132,000
	Arbeiderbladet	68,000
	Dagbladet	94,000
	Morgenposten	47,000
	Verdens Gang	33,000
	Morgenbladet	25,000
	Nationen	25,000
	Vart Land	24,000
Drammen	Drammens Tidende	28,000
Kristiansand S.	Faedrelandsvennen	22,000
Stavanger	Stavanger Aftenblad	35,000
Bergen	Bergens Tidende	61,000
Aalesund	Sunnmørsposten	23,000
Trondheim	Adresseavisen	59,000
Svolvaer	Lofotposten	21,000

Magazines

Weekly magazines are also a good medium and their combined advertising income is given as over $3 million a year. All the leading magazines are published in Oslo but have a nation-wide circulation. The seven largest weeklies are:

Weekly	Circulation
Norsk Ukeblad	276,000
Illustrert Familieblad	185,000
Alle Kvinners Blad	160,000
Allers	132,000
Hjemmet	135,000
Norsk Dameblad	100,000

In addition to these there is *Det Beste* (the Norwegian edition of *Reader's Digest*) with a circulation of 177,000, and published once a fortnight. As far as is known, all of these magazines accept two-colour advertisements and full-page spreads are not uncommon. The above are all family magazines and advertising in them is confined chiefly to consumer goods and household requirements.

A further group of periodicals consists of those addressed to various trades. There are a number of trade and business publications and between them they cover a wide field. Of these, the weekly *Farmand,* with a circulation of 24,000, is estimated to have about 100,000 readers. A business weekly directed mainly to management, it is roughly the Norwegian equivalent of *Canadian Business.*

Filmstrips

There are about 650 movie theatres in Norway but many of these are in small places and do not schedule regular showings. All the larger cinemas are municipally owned and it is with these that the prospective advertiser is chiefly concerned. Both advertising slides and filmlets of two to three minutes are widely employed. The slides are usually shown while the audience is entering the building but the filmlets come on immediately after the lights go down, when people have found their seats and are presumably in a more receptive mood. The advertiser may not choose the particular cinemas he wishes, but a group of filmlets are combined on one roll and are sent out on a predetermined round, usually lasting one week. Such a round includes 58 cinemas and costs the advertiser $2,300, plus the cost of the film, etc. Wider coverage of some 100 cinemas costs about $3,300. Short flashes with advertising text tails are not considered acceptable.

Other Forms

Country billboards are not permitted in Norway but there are certain localities, usually in the towns, where posters are allowed. Both the State Railways and the various municipal transport companies have advertising space for hire. Private companies use their own vehicles as rolling advertisements and, in the summer, an occasional aircraft may be seen trailing an advertising streamer. Point-of-sale counter cards and counter displays are becoming more popular and whole window displays of a single company's products are not unusual.

Direct Mail

There is a small amount of direct mail advertising and it is expected that this will increase. It is sometimes combined with small samples and many firms use the small Christmas gift method, but usually on a limited scale. Coupon awards and premium advertising are considered undesirable and are not encouraged, but combined competition-lotteries are quite common, with the customer filling in a form and sending it in. Packages are, of course, widely used for advertising and there are a considerable number of illuminated signs, both indoor and outdoor.

Norway has signed the international agreement on advertising practices and, apart from this, special regulations apply to the advertising of wines, spirits and pharmaceutical products.

Advertising Agencies

It is traditional in Norway that foreign firms be represented by local agents, and it is usually these agents who arrange advertising for their principals, either directly or through an advertising agency. The Canadian advertiser is therefore advised to approach either his local agent or one of the responsible advertising agencies in Norway, which are well equipped to give all the service necessary. The Commercial Counsellor in Oslo will be pleased to supply the names and addresses of suitable agencies to Canadian inquirers. ●

Argentina Makes Sound Progress

Increasing oil production, opening of basic steel plant, plans to improve transportation, expansion of industry have marked past year. Foreign investment up; financial problems faced realistically.

C. S. BISSETT, *Commercial Counsellor, Buenos Aires.*

ARGENTINA'S economic situation has improved greatly over the past year and there is ample evidence that this will continue at an increasing pace until the economy is once more on an even keel. It started with the decision to seek foreign aid to develop latent natural resources and potential industries and to institute the orthodox financial policies which were the prerequisites of such aid. The visible results to date are:

- A substantial increase in crude petroleum production, the forerunner of much greater future output.
- The start of a basic steel industry.
- The halting of inflation and of the rise in the cost of living.
- The stabilization of the price level.
- The stabilization of the value of the peso in the free exchange market.
- A surprisingly rapid replenishment of the gold and foreign exchange reserves.
- An improved balance-of-payments position.
- A reduction in the heavy budget deficit.
- A new and practical program for the rehabilitation of the railway system and big plans for building primary and secondary roads throughout the whole country.

Certain intangible but no less important results include the creation of a fiscal atmosphere which warrants the confidence not only of foreign lenders but also of foreign investors in new industries, the tendency of the state to divest itself of all enterprises not of vital national importance by turning them over to private operators, and the trend towards multilateral trade, resulting in the gradual elimination of bilateral trade agreements and in Argentina's joining international trade and tariff groups.

Fuel and Power

The fuel, power and steel industries have received special attention. Rapid and effective development of crude petroleum deposits has always been the key to Argentina's economic rebirth. However, it was difficult finally to overcome nationalistic prejudice to the point where the local petroleum monopoly, YPF, was able to invite foreign technicians and capital to explore and exploit oil-bearing areas under a series of drilling contracts. These contracts have already paid off handsomely and more are to be let both to foreign and Argentine companies. Monthly petroleum production in July 1959 of 404,798 cubic metres* had increased to 915,371 cubic metres by September 1960. For the year 1960, output is expected to reach about 11.5 million cubic metres. At present only about 28 per cent of crude oil requirements need be imported as against more than 60 per cent in 1958. Self-sufficiency in crude oil is confidently expected by the end of 1961 and shortly after exports may begin. This would make possible the diversion to other essential purchases of the large amounts of foreign exchange—usually an annual minimum of U.S.$300 million—normally spent on petroleum products.

A byproduct of the battle for petroleum is the heavy volume of natural gas produced. A pipeline to Buenos Aires from the northern oilfields was recently completed and another is expected to arrive soon from the southern field. At that time, the amount of gas will be much greater than consumption, with consequent benefit to industry from the resulting low price compared with other fuels. Other gas pipelines are to be built to provide power for all the important production centers.

A substantial tonnage of coal still continues to be imported. However, a French company has taken over the Rio Turbio field and Argentina may soon be self-sufficient in this fuel as well.

Steps are also being taken to increase the output of electric power. An extensive program for the interior is being studied and financing sought from the World Bank. One foreign power company plans to re-invest in new plants the funds received in payment for certain other plants expropriated by the Government. For Buenos Aires, new generating plants are being built in the New Port area to produce 140,000 kw. and a new one in the South Dock to produce initially 600,000 kw. and eventually a further 600,000.

Progress in Steel

The first blast furnace in the State steel mill Somisa, located at San Nicolás, went into operation at the end of June and by August the entire plant was running. The Somisa project really initiates the Argentine basic steel industry and rapid expansion is planned. Currently Argentina consumes only about 2 million metric tons of steel a year despite its 21 million population. Consumption is expected to reach 4.5 million tons by 1965 but unless this new industry grows swiftly, large amounts of foreign exchange will still have to be spent on steel imports—estimated at U.S. $300 million in 1965 for some 3 million tons of steel products.

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*One cubic metre=6.27 barrels of 42 U.S. gallons each.

Railways, Rivers and Roads

In addition to the loans being sought from outside sources, the Government is reported to have earmarked the equivalent of $120 million for transport expansion, which is expected to cost upwards of $1,650 million. Some $70 million of the Government's contribution would go to the Highway Administration, $30 million to the National Railways, and $20 million to the Ports and Navigation Administration.

The 1958 road census showed 57,350 kilometers of roads but only 30 per cent of these were usable all year and 70 per cent of these required resurfacing. The new plan proposes to increase the permanently usable highways to 38,027 kilometers. This program is to be spread over five years and the work thrown open to public tender. Credit terms of up to five years will be sought from the eventual contractors, under guarantees from government banks.

A Government Minister has stated that over the next ten years the railways will require 1,600 passenger coaches, 1,000 diesel-electric locomotives, 35,000 freight cars, and 800 motor-coaches. On these purchases too, extended credit terms will be sought. The appropriations for rivers and harbours will be spent mainly on an extensive dredging and channel-marking program, breakwaters and moles, river ships, tugs and lighters, port warehouses, cranes, fork-lift trucks and other harbour equipment.

Loans and Credits

Argentina's foreign debt was recently estimated at the equivalent of U.S.$1,282 million, repayable between 1960 and 1990, plus interest payments totalling U.S.$230 million. During the past few days, further loans and credits have been obtained both by official bodies and private firms. The Export-Import Bank loaned the Argentine Banco Industrial on November 15, U.S. $10 million to permit industrial firms to finance purchases of U.S. machinery and equipment for factory rehabilitation. Eximbank also loaned the San Nicolás steel plant a further U.S.$12.5 million in addition to the U.S.$60 million loaned in 1955. Negotiations are under way for a substantial loan from Eximbank to undertake improvement of the transport system and a low-cost housing program and U.S.$100 million is being sought as a start. A local electrometallurgical firm has just secured an Eximbank loan of U.S.$2.5 million. Talks are under way with one group of U.S. manufacturers covering heavy equipment orders up to a value of U.S.$70 million, repayable in five or six years, and with a second group covering orders up to a value of U.S.$25 million on long credit terms.

A consortium of German and French banks is officially reported to have extended a loan of U.S.$150 million to the Argentine Government for re-equipping the railways and the natural gas monopoly to the extent of 80 per cent of the loan, the other 20 per cent going to private industry. This sum would be used in quotas of U.S.$50 million, would carry interest at 7 per cent, and be repayable in seven years. A German bank is also reported to have just loaned the Argentine oil monopoly 10 million marks, half of which must be spent on German goods.

Even before these recent loans and credits were arranged, the matter of servicing the previous foreign debt was causing concern. These payments are beginning to fall due before the projects in which they were invested have had an opportunity to produce the income needed to make repayments. According to

In Argentina's largest packinghouse, women are cutting up meat for canning. Large herds of Shorthorns, Herefords and Aberdeen Angus provide the raw material for a large and long-established overseas trade in frozen, chilled and canned beef.

a World Bank report, the annual payments of capital and interest combined until 1965, the critical period, are:

	(in millions of U.S.$)
1960	204.5
1961	316.6
1962	281
1963	195.7
1964	138.4
1965	108.3

To these amounts must be added the debt-service payments arising from the loans granted after the above report was issued. Because meeting these payments would greatly reduce Argentina's working capital, her reserves of gold and foreign exchange, it is essential that the loans be refinanced to permit repayment over a much longer period; negotiations on this are already under way. It is calculated that by 1965 the increased foreign exchange earnings from expanded exports, plus the savings in exchange expenditures now made for imports, will permit these debts to be serviced without braking economic progress. However, even with satisfactory refinancing, annual debt-service payments of about U.S.$150 million must be anticipated for the next 15 years. They will constitute a substantial part of the total annual exchange income, which this year will approximate U.S.$1,000 million. It seems certain that import austerity will continue for some time, at least for non-essential goods.

Foreign Investment

A compilation by the *Buenos Aires Herald* shows that for the two years ended September 1960, the equivalent of U.S.$286 million in foreign investment was authorized under the law for 159 different projects. Almost 85 per cent of this sum went into four industries—chemicals, U.S.$129 million in 26 projects; automotive, U.S.$68.8 million in 15 projects; petroleum refineries, U.S.$28.9 million in 3 projects and non-electric machinery, U.S.$15.6 million in 20 projects. Other groups of interest were metal products, excluding machinery and transport equipment, $17 million; electrical machinery and products, $13 million; construction, $9 million; iron and steel, n.o.p., $8 million; textile spinning and manufactures, $5 million. Of the total investment, U.S.$131 million was spent in the city and province of Buenos Aires.

The principal investing countries were the United States, U.S. $159 million; Switzerland, U.S. $36 million; Netherlands, U.S.$26 million; West Germany, U.S.$24 million; Italy, U.S.$10.8 million; France, U.S.$9.5 million; United Kingdom, U.S.$8.6 million; Canada, U.S.$4.7 million and Panama, U.S. $3.0 million.

Progress towards Multilateralism

One of the conditions set by the IMF for granting Argentina its original stabilizing loans was the reversion to multilateral trade and the progressive disappearance of bilateral trade agreements. At the high point, 24 of these agreements were in force but of these only 11, which incorporate specified lists of goods to be exchanged, remain; seven are with South American countries and of these, six receive in any case special customs tariff treatment as contiguous or common-boundary countries.

Argentina's trend to multilateralism is further exemplified by her recent application to join the GATT. A new customs tariff is being prepared but there is no indication of its issue at an early date. There is considerable opposition to membership in GATT in some commercial circles; these people claim that it would be premature under existing conditions. It is said that the present system of exchange surcharges superimposed on the tariff system could not be made to conform to basic GATT requirements. Moreover, the growing agrarian protectionism in Europe is considered a threat to Argentina's exports, 90 per cent of which consist of agro-pastoral products. There are also misgivings in a number of sectors that the operations of the two European trading groups, the EEC and the EFTA, are certain to be detrimental to Argentine interests. Argentina's main markets are in the countries making up these two groups and any tendency to shut out Argentine cereals and meat in favour of home-grown products would damage this country's interests.

Free Trade Area

Argentina is itself a member of a Free Trade Area which includes all of the countries in southern South America except Bolivia, plus Mexico. Little has been heard of this agreement in recent months, presumably because the time has not yet arrived to put into force any of the tariff reductions called for. These early tariff reductions are not likely to affect the Argentine manufacturer adversely because he is already so highly protected by the exchange surcharges that small customs tariff reductions are likely to pass more or less unnoticed. The ultimate success achieved by any of the member countries will probably not be in the form of an increase of the percentage of its total exports that it sells to the other members. Little is expected from this aspect of the agreement. Rather, the main purpose is to encourage foreign investors to establish new industries and expand existing ones by providing a much larger domestic market. Argentina's future opinion of the merits of the agreement is likely to depend largely on the relative progress of industry in Brazil and Mexico, its main competitors for the market in manufactured goods provided by the other members of the Area.

Financial and Business Indices

In January-June 1960, agricultural production increased by 3 per cent compared with the same period last year but stock-raising was down by 2 per cent and industrial production by 6 per cent.

The budget deficit for 1960 is now estimated at 27,200 million pesos, only slightly higher than the estimate of a year ago. (Can.$1.00 equals 84.50 pesos.) The estimated deficit for 1961 has been set at 19,700 million pesos. These deficits are entirely due to the operation of state enterprises. In the 1960 fiscal year, ended on October 31, the deficit of these enterprises totalled 29,104 million pesos. The national railways and the Buenos Aires transport system accounted for $21 million of this and the national airline, the oil monopoly and the State river fleet the rest. However, plans have been made to reduce this loss by rate increases on the railways and by selling certain state enterprises to private operators. A substantial part of the State's shares in the San Nicolás steel plant will be sold to private interests and will carry equal management rights. It is rumoured that some internal airlines will be disposed of.

At October 15 the Central Bank's reserves of gold and foreign exchange totalled the equivalent of U.S.$685.1 million, a sharp increase from a year ago. Although this good showing was achieved partially through the renegotiation of certain foreign indebtedness, it still exemplifies the noteworthy progress made during the past year. ●

Canada's Trade Relations with South American Countries

CANADA has trade agreements with all South American countries, providing for exchange of most-favoured-nation treatment with respect to customs treatment, trade and exchange regulations. Canada receives from each of these ten countries tariff treatment equal to that enjoyed by any other exporting country. In addition, in those countries that maintain exchange and import restrictions, Canadian exports are on an equal footing with similar U.S. products and with those of other hard-currency countries. Concessions exchanged exclusively between negotiating countries in South America are generally exempt from the operation of the most-favoured-nation clause in the same way as the preferences are that Canada accords to other members of the Commonwealth.

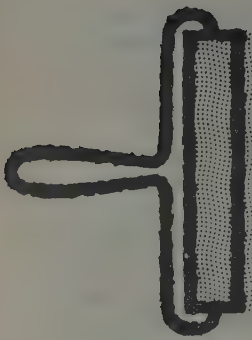
South American countries which, with Canada, are contracting parties to the General Agreement on Tariffs and Trade are Brazil, Chile, Peru and Uruguay. This Agreement provides for scheduled tariff concessions and exchange of most-favoured-nation treatment among the contracting parties and lays down rules and regulations to govern the conduct of international trade. Trade agreements concluded by Canada with individual countries continue in force in conjunction with the General Agreement.

The following table summarizes import and exchange regulations of South American countries which apply to Canadian exports.

Country	Import Licences	Special Tariff Features	Foreign Exchange Market
Argentina	No import licences required	In addition to the import duty, most items are subject to a surcharge ranging from 40 to 200 per cent on the c. & f. value.	Foreign exchange is available on a freely fluctuating market.
Bolivia	No import licences required	Some construction materials and mining equipment have been exempted from import duties. By a decree of December 1, 1958, most imports are subject to specific as well as ad valorem duties.	Foreign exchange is available on a freely fluctuating market.
Brazil	All imports require an exchange commitment certificate. Goods considered essential are classified in the general category and do not require an import licence. All others are	Additional taxes are levied, amounting to 6 per cent of the c.i.f. value plus 5 per cent of the ocean freight charges. Last August Brazil brought into effect the results of its GATT negotiations, including certain direct concessions to Canada.	Varying amounts of exchange commitment certificates for foreign exchange are auctioned weekly at a premium (agio), depending on currency and the import

Country	Import Licences	Special Tariff Features	Foreign Exchange Market
Brazil	classified in the special category and require licences.		category involved. The importer is then entitled to buy foreign exchange, for the amount on which he has paid his agio, at the official rate. Certain government imports and super-essential goods are exempt from the auction system and pay a lower premium.
Chile	There are no import licences as such but imports must be registered in advance.	Three duty charges are levied on all goods imported: a. Specific duty—stated in terms of the non-circulating gold peso (4.85 pesos equals U.S.$1.00). b. Ad valorem import excise tax—levied on the duty-paid value of imports, the amounts varying from 3 to 62 per cent with the essentiality of the import. c. Most imports are subject to either a returnable prior deposit of from 5 to 1,500 per cent of the c.i.f. value or to a special surcharge of from 5 to 200 per cent of the c.i.f. value. In the new year Chile intends to introduce a new tariff system which will incorporate the surcharges into the tariff structure and will subsequently eliminate prior deposits.	There is a freely fluctuating foreign exchange market, but foreign exchange must be bought through commercial banks.
Colombia	Some items are prohibited, others require a licence; the remainder may be freely imported. However, all imports must be registered before shipment.	Prior deposits are now returned 45 days after customs clearance rather than after 90 days as formerly. The prior deposit has been reduced for over 40 groups of imports from 130 to 20 per cent and for over 10 groups of imports from 130 to 65 per cent. There are now six prior-deposit categories ranging from 1 to 500 per cent.	Foreign exchange is bought at public auctions of exchange certificates to cover the f.o.b. value of imports plus 80 per cent of freight charges. The free-market rate applies to most other transactions.
Ecuador	All goods, except those not exceeding U.S.$100 c.i.f. value and certain imports entering as foreign investments, must obtain an import licence. Certain goods are prohibited.	All permissible imports are classified into two lists: essential and non-essential. Imports classed as essential are subject to a stamp tax of 5 per cent of the c.i.f. value, paid in local currency on application for a licence. Non-essential imports are subject to a stamp tax of 10 per cent of the	On the basis of an import licence, the Central Bank provides foreign exchange. For essentials, foreign exchange is sold at the official rate and for non-essentials at the free market rate.

Country	Import Licences	Special Tariff Features	Foreign Exchange Market
Ecuador		c.i.f. value, also paid in local currency at the time of application. They must also make a deposit of 25 per cent of the c.i.f. value.	
Paraguay	No import licences are required; however, at the present time a few items are prohibited. This prohibition is effective through January 31, 1961.	Most imports are subject to local currency deposits up to 200 per cent of the f.o.b. value; these must be made before shipment from country of origin. These deposits are retained for 120 days.	Foreign exchange is freely available, subject to an import exchange surcharge of 20 per cent of c.i.f. value (formerly 15 per cent). Payments must be made through authorized banks no later than 90 days from the date of delivery of documents.
Peru	No import licences required.	In addition to the regular specific and ad valorem duties, most items are subject to a customs surcharge of 50 or 200 per cent of the specific duty. A special tax of 10 to 25 per cent of the c.i.f. value is also levied on many items. Further extra taxes amounting to 4.25 per cent of the c.i.f. value plus 2 per cent of ocean freight charges are collected on non-GATT items. Instead of these latter two taxes, GATT-bound items pay a tax of 0.833 per cent of the c.i.f. value.	Since May 1960 exchange certificates are no longer required for imports. All foreign exchange is now purchased on the free market.
Uruguay	Import regulations in Uruguay are undergoing a complete revision and are still subject to change.		
	Restrictive licensing of imports has been eliminated but prior authorization must still be obtained.	Recently all prohibitions on imports have been eliminated. Some goods may be freely imported without either surcharges or prior deposits. Products for which there are locally-made substitutes are subject to surcharges of 40 or 75 per cent of the c.i.f. value, but are exempt from prior deposits. Luxury goods are subject to a surcharge of 150 per cent and a prior deposit of 100 per cent.	Under the new Uruguayan Exchange Reform Law, exchange for all transactions is available from authorized banks at the freely fluctuating market rate.
Venezuela	Certain items are prohibited or reserved to the Government; over 100 others require a prior import licence; the remainder may be freely imported.	In January 1959 Venezuela introduced a new tariff nomenclature plus increased customs duties on some products.	Exchange control. Prior deposit requirements for exchange at official rate of up to 20 per cent of the value of exchange requirements for open account, and up to 40 per cent of exchange requirements for imports under letter of credit.



Paints and Varnishes

The Market in Rhodesia and Nyasaland

Small Canadian sales may shrink as South Africa establishes branch plants and British competition intensifies.

L. S. GLASS, *Trade Commissioner, Salisbury.*

LAST year the Federation of Rhodesia and Nyasaland imported 428,000 gallons of ready-to-use paints and enamels, valued at £608,000. In 1957, the figure stood at 868,000 gallons, but the recession of 1957-58 and the effect on the construction industry brought a decline in imports.

The Union of South Africa and the United Kingdom have between them held 90 per cent of the market, with the lion's share going to South Africa. Imports during 1956-58 from these two countries were:

	1956		1957		1958	
	Vol.*	Value†	Vol.	Value	Vol.	Value
South Africa	698	741	741	964	421	622
United Kingdom	128	158	123	155	109	150

*thousands of gallons.
†thousands of £.

Canada has supplied small quantities. Imports from the United States have shown a regular but not an important increase since 1955, when only 274 gallons were imported, until 1958 when they rose to 8,000 gallons valued at £6,000. Although there is no statistical breakdown of types of paints imported, the local trade says that imports from the U.S. have consisted almost entirely of aerosol spray paints and enamels and small items such as do-it-yourself touch-up kits for refrigerators and stoves and for covering scratches on furniture.

Local Industry

At present ten factories are engaged in the production of practically every type of paint, not including firms which confine themselves to bituminous paint or distempers. Not all the products offered by local producers are made in the Federation; some, such as automotive paints, are imported from the Union of South Africa in bulk and packaged locally. However, during the fiscal year 1957-58 local production reached 193,000 gallons valued at £307,000.

Local Output Will Increase

It is expected, however, that local output will increase markedly in the near future. Nearly 80 per cent of imports have been coming from the Union of South Africa, chiefly because of the tariff advantage that Union manufacturers enjoyed. The most-favoured-nation rate of duty is 20 per cent ad valorem and this rate also applies to Canada; the preference rate granted United Kingdom products is 10 per cent, and for the Union the rate used to be 10 per cent less one-tenth, or 9 per cent. Under the new trade agreement between the Federation and the Union, the latter has now lost that preference and reverted to the same tariff as Canada—that is, 20 per cent. Australia has a trade agreement with the Federation which assures it of the lowest tariff rate enjoyed by any part of the Commonwealth. Before, Australian products enjoyed the same rate as the Union, but now they enter at the same rate as the U.K., 10 per cent. Stiff competition from Australia is not expected, however, but the United Kingdom may increase its sales now that South African products are subject to a higher duty. What is more important, locally based manufacturers have tariff protection against Union competition increased by 11 per cent. As a result, Union manufacturers are now planning to open branch plants in the Federation.

Prospects for Canadian Exports

Canadian exporters shipped small amounts of paint to the Federation in 1957 and 1958. The types sold are not known but were in all probability special kinds or perhaps aerosol spray paints. Up to the present, this type of paint has been imported entirely from the U.S. and perhaps from Canada. Now a brand made in the Union has appeared on the market. It easily undersells the U.S. product and is, it is said, of equal quality. With the growing local industry behind a 20 per cent tariff protection wall and with the opening of subsidiary plants by Union manufacturers, the future does not hold much promise of increased imports from Canada. •

The Market in South Africa

Specialty paints still imported but local production broadening; raw materials offer best opportunities for Canadian suppliers.

L. J. TAYLOR, *Assistant Trade Commissioner, Johannesburg.*

SOUTH AFRICA'S first paint factory began producing more than 50 years ago, but the industry did not reach maturity until the Second World War stimulated a threefold expansion. Today 60 factories are making paints. In 1939 the Union still imported 35 per cent of its requirements. Present paint imports total about $600,000 a year, compared with an annual domestic output of nearly $35 million. The industry is protected by a 25 per cent tariff and the market for imports is limited to highly specialized or newly developed paints not yet produced in South Africa. A variety of varnishes and lacquers also enter from other countries in spite of a duty of 35 cents a gallon. The Union's imports in recent years are given in Table I.

The Witwatersrand area surrounding Johannesburg has 30 per cent of the industry and the Cape 10 per cent. The Durban area, with one-half of the productive capacity, has been the centre of the industry from the days when it was the distributing centre for imported paints. Today one of the main advantages of this seaport is as an export base. Practically all of these exports go to other countries in Africa; the Federation of Rhodesia and Nyasaland buys 70 per cent of total paint exports and Mozambique 15 per cent.

Seven of the leading firms hold roughly 75 per cent of the Union market and all but one make a full range of household and industrial paints. United Kingdom interests control three of these firms and the other four are South African owned. Some of the latter also manufacture certain lines under licence from British companies and these firms might consider manufacturing under licence any Canadian paints that are unique or new to this market. United States paint manufacturers have not invested in the local industry to any extent, although some paints are made under licence from U.S. companies. Of the remaining 25 per cent of the Union's production, 15 per cent is shared among a second group of three manufacturers and over 40 firms divide the remaining 10 per cent.

The leading decorative paints in South Africa have polyvinyl acetate bases. Their share of the market is constantly rising at the expense of distemper paints (which use locally mined earth pigments). The possibility in the future of a sizable African market in the Union may reawaken the demand for these cheaper, lower quality distempers. The wide variety of decorative paints with some type of alkyd base is increasing their share of the local market but they are too expensive to oust PVA paints. Oil paints are having a difficult time holding the line against these new decorative paints.

The leading industrial paints are alkyds, stoving enamels and nitrocellulose lacquers. Stoving enamels are mainly used to paint automobiles assembled in the Union. Most of the major varieties of special industrial and anticorrosive paints are being made in South Africa.

Acrylic paints are mixed in South Africa but the emulsion itself is imported from the United States. Acrylics are considerably more expensive than other decorative and industrial paints now sold in the Union, though one of the larger car assemblers is already beginning to substitute them for stoving enamels. Leading local manufacturers are watching developments carefully and when and if they feel that the demand is sufficient, they will probably begin producing acrylic emulsions.

Canadian Opportunities

What can Canadian manufacturers of paints and varnishes export to South Africa? There is still a market for certain specialties such as marine paints, and particularly for clear varnishes and alkyd-based varnishes (although not for nitrocellulose lacquers, where local production satisfies most of the market). There may well be opportunities for spot sales of acrylic emulsions until local production begins.

The prospects are more promising for selling raw materials to the local paint and varnish industry, and

TABLE I—IMPORTS OF PAINTS, VARNISHES AND STAINS INTO SOUTH AFRICA

	1958	1959	1960 Jan.-April	Principal suppliers
	(Canadian dollars)			(per cent of market)
Stoving and baking enamels*	7,150	34,375	11,000	U.S. 90
Miscellaneous ready-mixed paints	380,000	426,250	120,000	U.S. and U.K. 40 each
Bituminous paint		7,700	1,925	U.S. and U.K. wholly
Stains		11,000	8,250	U.K. 80
Varnish, lacquers, etc.	400,000	590,000	220,000	U.K. 60
Artists' paints	130,000	100,000	38,500	U.K. 70

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*Increased U.S. sales account for rise in 1959 and 1960.

TABLE II—IMPORTS INTO SOUTH AFRICA OF RAW MATERIALS FOR PAINT INDUSTRY

	1958	1959	1960 Jan.-April	Principal suppliers
	(Canadian dollars)			(per cent of market)
Titanium dioxide	2,535,000	2,125,000	1,010,000	U.K. 65, Germany 15
Black pigments	2,200,000	2,270,000	925,000	U.S. 90, U.K. 8
Other dry pigments	1,310,000	1,665,000	575,000	U.K. 60, U.S. 15
Chrome pigments	210,000	220,000	21,000	U.K. 70, Germany 15
Iron oxide	675,000	745,000	350,000	Germany 70, U.S. 20
Zinc oxide	62,500	62,000	33,500	U.K. 85
Red lead oxides	62,000	30,000	8,300	U.K. 90, Germany 10
Other oxides	154,000	275,000	33,550	U.K. 75
Colours ground in oil	25,000	28,000	19,250	U.K. 60, U.S. 40
Urea formaldehyde	212,000	880,000	490,000	Germany 40, U.K. 35
Melamine formaldehyde	36,000	160,000	90,000	Sweden 50, U.K. 33, U.S. 15
Modified resins	41,250	203,500	242,000	U.K. 50, U.S. 20
Lithopone	225,000	190,000	72,000	U.K. 35, Germany 35
Turpentine	135,000	120,000	46,750	U.S. 80
Tall oil	70,000	42,000	13,000	U.S. and Sweden share market
Pure phenolics	40,000	265,000	85,000	U.K. 50, U.S. 30
Alkyd resins	63,250	330,000	145,000	Netherlands 50, U.K. 25
Polyesters	18,000	63,250	77,000	Shared among European suppliers
Polyvinyl acetate	210,000	150,000	66,000	U.K. 50, Germany 40

Canadian suppliers can participate if they meet the prevailing prices. South Africa still imports over 30 per cent of its paint raw materials (see Table II) and although each year sees the extension of local manufacture (a titanium dioxide plant and a urea formaldehyde plant are to be built in the near future) many basic products are still bought from overseas sources. The United Kingdom, the United States and Germany are the major suppliers of paint raw materials to this market and, as a general rule, price is a more important factor than quality in winning customers. Overseas suppliers must also be prepared to ship certain materials on consignment to their local agents so that they may have sufficient stocks to offer quick delivery to South African paint manufacturers.

For the ordinary synthetic pigments, it may be difficult to beat the prices offered by the United Kingdom, France, Germany and other European countries. However, United States suppliers do get high prices for quality pigments not made in Europe and Canadian manufacturers may be able to market similar pigments here if they meet U.S. prices. Lead and zinc chromes are made in the Union and a 25 per cent duty restricts imports.

Two or three of South Africa's leading chemical plants manufacture a wide range of solvents—ketones, butyl alcohol, acetates, xylol, methylated spirits, tung oil—but there is still a good market for these as well as others not yet made in South Africa, such as melamine formaldehyde, pentaerythritol, lithopone, nitrocellulose, white spirits and PVA dispersions.

Although alkyd emulsions and polyvinyl acetate are made locally, there are some imports. Acrylics are imported from the United States and if this market expands, there could be opportunities for Canadian manufacturers. Raw linseed oil is imported and refined in the Union; Canada was once the leading supplier but at present we cannot compete with Argentine prices. Alkali, standard and other oils are also imported, but local production practically eliminates imports of soya and sunflower oil and fatty acids. The United Kingdom and Europe are the Union's major sources of supply of the hundreds of different types of specialized additives and plasticizers.

If you make raw materials for the paint industry or specialty paints and if you feel you can meet the competition in South Africa, write to the Canadian Government Trade Commissioner in Johannesburg or Capetown. He will be happy to put you in touch with one of a number of excellent manufacturers' representatives specializing in this field. They will need specifications and prices f.o.b. Atlantic coast ports if they are to assess the potential market for your products.

Head Office Directory

The Head Office Directory will not in future be published in *Foreign Trade*. It has, however, been printed as a booklet. If you would like a copy, write to the Editor, *Foreign Trade*, Trade and Commerce Building, Ottawa.

General Notes

Belgium

BRANCH PLANTS—Branch plant activity in Belgium by United States and other foreign firms continues to increase as additional companies move into the European Common Market area. Among the most recent developments are:

Monsanto Chemical Company Limited, in conjunction with a Belgian firm, will build a new plant at Ghent to produce polyvinyl butyral sheets to be used in making automobile and other safety glasses.

Great Lakes Carbon Corporation has formed a Belgian company which will produce Dicalite filtration additives used by breweries, sugar refineries and chemical processors. These products will be exported to the United Kingdom and other European countries.

Parke Davis & Co. Limited, a Belgian subsidiary of the U.S. company, is also building a new plant in Belgium to produce pharmaceuticals. Designed initially to supply the Benelux area, it can be readily expanded to meet the requirements of the Common Market—Brussels.

Fiji

TRADE GAP—Fiji had an adverse balance of visible trade of £2.4 million in the first six months of this year. Imports totalled £8.1 million compared with £7.8 million in the first six months of 1959. Exports totalled £5.7 million compared with £4 million in the first six months of 1959—Wellington.

Jamaica

U.S. TRADE MISSION—A five-man delegation composed of four United States businessmen and an official of the U.S. Department of Commerce will spend ten days in Jamaica this month while on a six-week tour of the Caribbean area. The mission will bring with it a library of 1,000 directories, business publications and trade journals, and will use all communication media to explain in detail questions about trade with the United States—Kingston.

Mexico

INVESTMENT FUNDS—Total investment in the public sector in 1959 amounted to U.S.$570 million, an increase of $49 million over 1958. These funds were directed as follows: 82.2 per cent to basic development projects, 11.9 per cent to social welfare programs, and 5.9 per cent to other activities. During the past year a Board of Supervision of Public Investment and Federal Subsidies and an Office of the General Plan of Public Expenditures were established as part of the Secretariat of the Presidency. These agencies are entrusted with controlling the amount and application of funds. Mexico maintains a good reputation as a borrower of international investment funds—Mexico.

New Zealand

EXPORT TRADE—Export trade for fiscal 1960 was valued at £314.5 million, £53.8 million more than in the previous year. The weight of wool exported amounted to 11.6 million pounds more than in the previous year; the value rose by £23.4 million. Butter exports increased by 156,000 cwt. and the value rose by £23 million. Frozen lamb exports rose by 293,000 cwt. but the value dropped by £265,000. As compared with £81.1 million in fiscal 1959, meat exports totalled £74.7 million.

Among other exports of note were: apples, a new record of 82 million pounds valued at £2.6 million; wood pulp, 76,000 tons valued at £2.9 million, and newsprint, 48,000 tons valued at £3.0 million. The value of pine logs exported to Japan totalled £661,000 compared with £253,000 in the previous year—Wellington.

MEAT EXPORTED BY PLANE—The prospects of air-freighting New Zealand meat to Britain and North America is a lively issue in Wellington. The Meat Producers' Board is keenly looking forward to the day when meat transport by cargo plane is a reality. It is surveying air freight rates to enable it to assess the economics of the proposal and is examining various aircraft (including a Canadian cargo plane) to determine whether operating costs will permit air shipments in the near future.

The survey gains new significance because of the impending increase of 6 per cent in freight rates for refrigerated cargo by sea. However, the problem of obtaining sufficient return air freight will have to be solved before air shipments are undertaken—Wellington.

DOUANES
DOUANES
DOUANES

Trade and Tariff Regulations

Peru

DUTY-FREE ENTRY OF 1,000 CARS AND 500 TRUCKS—On November 18 the Peruvian Government announced that during the next twelve months it will allow the duty-free entry of 1,000 new cars destined for use as taxis, and 500 new trucks, the purchasers of which must prove that the vehicles will be used as work tools.

These vehicles shall be exempt from the payment of the basic rates of import duty, additional customs taxes, surcharges, and consular fees. However, their import will continue to be subject to miscellaneous taxes totalling 11 per cent of the c.i.f. value of the vehicles.

To qualify for this duty exemption automobiles to be used as public taxis must be of the four-door sedan type and their value, f.o.b. port of shipment, must not exceed 60,000 soles, which at the present rate of exchange is equivalent to U.S.$2,235.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF —The South African Board of Trade announced recently that it has received the following representations respecting the tariff:

Increase in duty on:

1. Poly-acrylic resins (i.e. poly-acrylic and poly-metchacrylic dispersions and their derivatives inclusive of co-polymers)
2. Embroideries
3. Polyvinyl acetate and derivatives thereof, including co-polymers
4. Tricycles

Reduction in duty on:

1. Tolbutamide tablets for the treatment of diabetes
2. A.C. variable speed commutator motors and A.C. power factor correction commutator motors, from 1 to 350 horsepower
3. Nickel tube
4. Calico weighing less than 1¾ oz. per square yard

Rebate in duty on:

1. Certain embroidery yarns
2. Jute yarns for the manufacture of hessian
3. The following for the manufacture of synthetic resins, synthetic resinous emulsions and synthetic resinous solutions:
   2 ethyl hexyl acrylate
   methyl methacrylate
   ethyl methacrylate
4. Soda ash used in the manufacture of calcium carbide.

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa shortly after the announcements are made.

1961 IMPORT CONTROL POLICY—The following statement has been made by the Minister of Economic Affairs for South Africa:

"Following the recent discussion by the Economic Advisory Council of the foreign exchange prospects for the immediate future the Government has decided to exercise a measure of caution with the issuing of import permit allocations for the coming year until such time that more clarity exists regarding foreign exchange earnings and expenditure.

"No major changes in the existing import control policy are contemplated but as permits for the importation of consumer goods as well as raw materials and other goods were so freely issued this year, it has been decided, as was the case in 1959, which also followed on a year of considerable imports, to make initial issue for 1961 on a lower level than for 1960.

"The initial allocation for group B consumer goods, (i.e., goods which are, generally speaking, freely available from local production) will be on a level of 24 per cent of the assessment basis compared with the 40 per cent issued for 1960 while those for group A consumer goods, (i.e., goods which are not available from local production to any appreciable extent), raw materials and other essential goods will be on a basis of 50 per cent of the permits issued up to the end of August for this year.

"As is customary, further allocations for Group B consumer goods will be considered in the course of next year.

"Importers' reasonable requirements for Group A consumer goods, raw materials and capital goods, will be met, having due regard, as at present, to the local availability of these goods.

"As regards motor vehicles, with the exception of luxury motor cars with an F.O.B. cost exceeding £800 when new, the importation of which is prohibited, the issue of permits on the basis of the replacement of retail sales will continue having due regard to stocks on hand."

Foreign Commercial Representatives in Canada

ARGENTINA

Washington—Economic Counsellor, Argentine Embassy, 1600 New Hampshire Avenue N.W.

AUSTRALIA

Ottawa—Commercial Counsellor, Australian High Commission, 100 Sparks Street.
Montreal—Australian Government Trade Commissioner, 1255 Phillips Square.
Vancouver—Australian Government Trade Commissioner, Suite 608, Burrard Bldg.

AUSTRIA

Ottawa—Embassy of Austria, Suite 401, 85 Range Road.
Calgary—Consulate of Austria, 31 Hollinsworth Bldg.
Halifax—Consulate of Austria, 6 Young Avenue.
Montreal—Consulate General of Austria, Suite 815-817 Castle Bldg., 1410 Stanley Street.
Toronto—Austrian Trade Delegate, Suite 616, 62 Richmond Street West.
Vancouver—Austrian Trade Delegate, 525 Seymour Street.
Winnipeg—Consulate of Austria, 54 Harrow Street.

BAHAMAS

Toronto—Trade Commissioner, Room 707, Victory Bldg., 80 Richmond Street West.

BELGIUM

Montreal—Consul General of Belgium, 709 Sun Life Bldg.
Toronto—Consul General of Belgium, Room 302, 11 Adelaide Street West.
Vancouver—Consul General of Belgium, Room 1432, 355 Burrard Street.

BOLIVIA

Montreal—Consul-in-Charge, Consulate General of Bolivia, 5559 Canterbury Avenue.

BRAZIL

Ottawa—Brazilian Embassy, 305 Stewart Street.
Montreal—Trade Commissioner, Brazilian Government Trade Bureau, Room 302, 400 St. James St. West.
Toronto—Trade Commissioner, Brazilian Government Trade Bureau, Suite 1006, 2 Carlton Street.

CHILE

Ottawa—Embassy of Chile, 56 Sparks Street.
Vancouver—Consul of Chile, 1575 West Sixth Avenue.

CHINA

Ottawa—Counsellor, Embassy of the Republic of China, 201 Wurtemberg Street.
Vancouver—Consul General of China, 510 Hastings Street West.

COLOMBIA

Ottawa—First Secretary and Consul, Suite 33, Roxborough Apts.
Montreal—Consul General of Colombia, 1572 Summerhill Avenue.
Toronto—Consul of Colombia, 67 Yonge Street.
Vancouver—Consul of Colombia, 1575 West Sixth Avenue.

COSTA RICA

Montreal—Consul General of Costa Rica, 4753 Lacombe Avenue.

CUBA

Montreal—Cuban Consul, Consulate General of Cuba, 1572 Summerhill Avenue.

CZECHOSLOVAKIA

Montreal—Commercial Section, Czechoslovak Consulate General, 640 Cathcart Street.

DENMARK

Ottawa—Royal Danish Embassy, 446 Daly Avenue.
Montreal—Consul General, Royal Danish Consulate General, Room 815, Keefer Bldg., 1440 St. Catherine Street West.
Toronto—Assistant Trade Commissioner, Royal Danish Consulate, 114-118 Danforth Avenue.

DOMINICAN REPUBLIC

Ottawa—Consul General of the Dominican Republic, 20 Bower Street.
Montreal—Consul General of the Dominican Republic, Apt. 4, 3201 Forest Hill Avenue.

ECUADOR

Montreal—Consul General of Ecuador, Room 708, 1410 Stanley Street.
Vancouver—Consul of Ecuador, 603 West Hastings Street.

EL SALVADOR

Montreal—Consul General of El Salvador, 4972 Victoria Avenue.

FINLAND

Ottawa—Attaché, Embassy of Finland, 85 Range Road.

FRANCE

Ottawa—Commercial Counsellor to the French Embassy, 464 Wilbrod Street.
Montreal—Commercial Counsellor of France, 2060 Mackay Street.
Toronto—Commercial Counsellor of France, 185 Bay Street.

GERMANY
Ottawa—First Secretary (Commercial Affairs), Embassy of the Federal Republic of Germany, 1 Waverley Street.
Montreal—Consulate General of the Federal Republic of Germany, 1501 McGregor Street.
Toronto—Consulate of the Federal Republic of Germany, 77 Admiral Road.
Vancouver—Consulate of the Federal Republic of Germany, National Trust Bldg., 325 Howe Street.
Winnipeg—Consulate of the Federal Republic of Germany, 424 Wellington Crescent.
Edmonton—Consulate of the Federal Republic of Germany, 11618 100th Avenue.

GREECE
Ottawa—Commercial Attaché (Honorary), Royal Greek Embassy, Suite 110, Chateau Laurier.

GUATEMALA
Montreal—Consul General of Guatemala, 3467 Wilson Avenue.

HAITI
Ottawa—Consul General, Embassy of Haiti, Apt. 111, 150 Driveway.
Halifax—Honorary Consul of Haiti, 50 Sackville Street.
Montreal—Consul of Haiti, 3449 Prudhomme Avenue.
Toronto—Honorary Consul of Haiti, Suite 505, 137 Wellington Street West.

HONDURAS
Montreal—Consul General, Consulate General of the Republic of Honduras, 5407 Coolbrook Avenue.
Toronto—Vice Consul (Honorary), Apt. 18, 3 Nashville Avenue.

INDIA
Ottawa—First Secretary (Commercial), Office of the High Commissioner for India, 200 MacLaren Street.
Vancouver—Trade Commissioner for India, Suite 804, Standard Bldg., 510 West Hastings Street.

INDONESIA
Ottawa—Second Secretary (Economics), Indonesian Embassy, 275 MacLaren Street.

IRAN
Ottawa—Second Secretary, Imperial Legation of Iran, Apt. 404, Sandringham Apartments.

IRAQ
Washington—First Secretary (Commercial), Embassy of the Republic of Iraq, 2135 Wyoming Avenue N.W.

IRELAND
Montreal—Irish Trade Representative (Irish Export Board), 2100 Drummond Street.

ISRAEL
Montreal—Consul of Israel (Commercial), 1555 McGregor Street.

ITALY
Ottawa—Commercial Counsellor and Senior Trade Commissioner, Embassy of Italy, 172 MacLaren Street.
Montreal—Vice Consul and Trade Commissioner, 3615 Cote des Neiges Road.
Toronto—Italian Trade Commissioner, Suite 403, 34 King Street East.

JAPAN
Ottawa—First Secretary (Commercial), Embassy of Japan, Room 701, Metcalfe Bldg.
Toronto—Consulate of Japan, Imperial Life Tower, 4th Floor, 44 Victoria Street.
Vancouver—Consulate of Japan, 510 Hastings Street West.
Winnipeg—Consulate of Japan, 301 Tribune Bldg.

LEBANON
Ottawa—Embassy of Lebanon, Roxborough Apartments, Apt. 2, Laurier Avenue West.

LUXEMBOURG
Montreal—Consul General of the Grand-Duchy of Luxembourg, 4832 Western Avenue.

MEXICO
Ottawa—Embassy of Mexico, Room 706, 88 Metcalfe Street.
Montreal—Consul General of Mexico, Room 513, Castle Bldg., 1410 Stanley Street.
Toronto—Consulate of Mexico, Room 309, 20 Carlton Street.
Vancouver—Consulate of Mexico, Room 607, Burrard Bldg., 1030 W. Georgia Street.

MONACO
Montreal—Consul of Monaco, Suite 101, 4920 Western Avenue.

NETHERLANDS
Ottawa—Commercial Counsellor, Embassy of the Netherlands, 12 Marlborough Avenue.
Montreal—Netherlands Consulate General, 1103 Castle Bldg., 1410 Stanley Street.
Toronto—Netherlands Consulate General, 159 Bay Street.
Edmonton—Netherlands Consulate, Merit Bldg., 10008 106th Street.
Vancouver—Netherlands Consulate General, 475 Howe Street.

NEW ZEALAND
Montreal—New Zealand Trade Commissioner, Room 708, Prudential Assurance Bldg., 635 Dorchester Street West.

NICARAGUA
Montreal—Consul General, Consulate General of Nicaragua, 3435 Barclay Avenue.

NORWAY
Montreal—Consul General of Norway, Norwegian Consulate General, 1410 Stanley Street.

PAKISTAN
Montreal—Trade Commissioner for Pakistan, Suite 606, 1230 McGregor Street.

PANAMA
Montreal—Consul General, Consulate General of Panama, 3553 Girouard Avenue.

PERU
Ottawa—Second Secretary, Embassy of Peru, 539 Island Park Drive.

PHILIPPINES
Vancouver—Trade Commissioner, Philippines Consulate, 615 West Pender Street.

POLAND
Ottawa—Commercial Counsellor to the Polish Embassy, 362 Stewart Street.
Montreal—Commercial Section, Consulate General of Polish People's Republic, 1570 Pine Avenue West.

PORTUGAL
Ottawa—Embassy of Portugal, 285 Harmer Avenue.
St. John's—Consulate of Portugal, King's Bridge Court, Apartment 2E.
Halifax—Consulate of Portugal, P.O. Box 355.
Montreal—Consulate of Portugal, 4135 Sherbrooke Street West.
North Sydney—Consulate of Portugal, P.O. Box 769.
Saint John—Consulate of Portugal, 4 North Wharf.
Toronto—Consulate of Portugal, 159 Bay Street.
Vancouver—Consulate of Portugal, 1929 West Broadway.

SPAIN
Ottawa—Commercial Counsellor to the Spanish Embassy, 162 Daly Avenue.

SWEDEN
Ottawa—Secretary, Royal Embassy of Sweden, Suite 704, 140 Wellington Street.
Toronto—Trade Commissioner, Royal Consulate General of Sweden, 1057 Bay Street.
Vancouver—Trade Commissioner, Royal Consulate of Sweden, Dominion Bank Bldg., Room 914, 207 West Hastings Street.

SWITZERLAND
Ottawa—Counsellor of Embassy, Swiss Embassy, 5 Marlborough Avenue.
Montreal—Consul General of Switzerland, 1572 McGregor Street.
Toronto—Consul of Switzerland, 100 University Avenue.
Vancouver—Consul of Switzerland, 402 West Pender Street.
Winnipeg—Consul of Switzerland, 200 Bradburn Bldg., 269 Kennedy Street.

THAILAND
Toronto—Consul of Thailand, Suite 600, 199 Bay Street.
Vancouver—Consul of Thailand, 5416 Marguerite Street.

TURKEY
New York—Commercial Counsellor, Turkish Embassy, Empire State Bldg., 350 Fifth Avenue.

UNION OF SOUTH AFRICA
Ottawa—Commercial Secretary, Office of the High Commissioner for the Union of South Africa, 15 Sussex Drive.

UNION OF SOVIET SOCIALIST REPUBLICS
Ottawa—Commercial Counsellor, Embassy of the USSR, 24 Blackburn Avenue.

UNITED ARAB REPUBLIC
Ottawa—Commercial Secretary, Embassy of the United Arab Republic, Roxborough Apts., Apt. 62.

UNITED KINGDOM
Ottawa—United Kingdom Senior Trade Commissioner and Economic Adviser to the High Commissioner, 56 Sparks Street.
Edmonton—United Kingdom Trade Commissioner for Alberta and Northwest Territories, Imperial Bank Bldg., Jasper Avenue.
Halifax—United Kingdom Trade Commissioner for the Atlantic Provinces, 65 Spring Garden Road.
Regina—Office of the United Kingdom Trade Commissioner, Derrick Bldg., Room 207, 2431 11th Avenue.
Montreal—United Kingdom Trade Commissioner for Quebec, 635 Dorchester Boulevard West.
Toronto—United Kingdom Trade Commissioner for Ontario, 119 Adelaide Street West.
Vancouver—United Kingdom Trade Commissioner for British Columbia and Yukon Territories, Bank of Nova Scotia Bldg., 602 West Hastings Street.
Winnipeg—United Kingdom Trade Commissioner for Manitoba, Saskatchewan, and Northwest Ontario, 504 Main Street.

UNITED STATES
Ottawa—Commercial Attaché, Embassy of the United States, 100 Wellington Street.
Calgary—Consul of the United States, 501 Toronto General Trusts Bldg.
Edmonton—Consul of the United States, 214 Empire Block.
Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.
Montreal—Consul General of the United States, 1558 McGregor Avenue.
Quebec—Consul of the United States, 1 Ste. Genevieve Avenue.
Saint John—Consul of the United States, 206 Union Street.
St. John's—Consul General of the United States, King's Bridge Road.
Toronto—Consul General of the United States, 360 University Avenue.
Vancouver—Consul General of the United States, Burrard Bldg., 1030 W. Georgia Street.
Windsor—Consul of the United States, Canada Trust Bldg.
Winnipeg—Consul General of the United States, 402 Tribune Bldg.

URUGUAY
Ottawa—Chargé d'Affaires a.i., the Roxborough Apts., Apt. 32

VENEZUELA
Halifax—Consul of Venezuela, Roy Bldg., Barrington Stret.
Montreal—Consul General of Venezuela, 2052 St. Catherine Street West.
Vancouver—Consul of Venezuela, 525 Seymour Street.

THE WEST INDIES, BRITISH GUIANA, AND BRITISH HONDURAS
Montreal—Commissioner for The West Indies, British Guiana, and British Honduras, Suite 200, 1210 Sherbrooke Street West.

YUGOSLAVIA
Ottawa—Embassy of the Federal People's Republic of Yugoslavia, 17 Blackburn Avenue.
Toronto—Consul General of the FPR of Yugoslavia, 377 Spadina Road.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02269095.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 5	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01180	84.74	(1)
Austria	Schilling		.03779	26.46	
Australia	Pound		2.1986	.4543	
Bahamas	Pound		2.7483	.3639	
Belgium and Luxembourg	Franc		.01969	50.78	
Bermuda	Pound		2.7483	.3639	
Bolivia	Boliviano	Free	.00008559	11,683.61	
British Guiana	Dollar		.5726	1.75	
British Honduras	Dollar		.6871	1.45	
Brazil	Cruzeiro	General Category*	.002932	234.11	*Nov. 22 (2)
		Special Category	.001547	646.51	
		Official selling	.05168	19.35	(3)
Burma	Kyat		.2053	4.87	
Ceylon	Rupee		.2061	4.85	
Chile	Escudo	Free	.9295	1.07585	(4)
Colombia	Peso	Certificate	.1459	6.85	
Congo, Republic of	Franc		.01969	50.78	
Costa Rica	Colon	Official	.1741	5.74	
		Controlled free	.1470	6.80	
Cuba	Peso		.9778	1.02270	tax 2%
Czechoslovakia	Koruna		.1358	7.36	
Denmark	Krone		.1420	7.04	
Dominican Republic	Peso		.9778	1.02270	
Ecuador	Sucre	Official	.06519	15.34	
		Free	.05718	17.49	
Egyptian Region, United Arab Rep.	Pound	Official	2.8078	.3561	
		Export account selling	2.4175	.4136	
El Salvador	Colon		.3911	2.56	
Fiji	Pound		2.4759	.4039	
Finland	Markka		.003056	327.22	
France, Monaco, etc.	New Franc		.1995	5.01	(5)
Franco-African Community, etc.	Franc		.003990	250.63	(6)
French Pacific	Franc		.01097	91.16	(7)
Germany	D Mark		.2345	4.26	
Ghana	Pound		2.7483	.3639	
Greece	Drachma		.03259	30.68	
Guatemala	Quetzal		.9778	1.02270	
Haiti	Gourde		.1956	5.11	
Honduras	Lempira		.4889	2.04	
Hong Kong	Dollar	Free*	.1721	5.81	*Nov. 25
		Official	.1718	5.82	
Iceland	Krona	Official	.02573	38.86	(8)
India	Rupee		.2061	4.85	
Indonesia	Rupiah	Official	.02173	46.02	(8)
Iran	Rial		.01291	77.47	
Iraq	Dinar		2.7379	.3652	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 5	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7483	.3639	
Israel	Pound		.5432	1.84	
Italy	Lira		.001574	635.32	
Japan	Yen		.002716	368.19	
Lebanon	Pound	Free	.3071	3.26	
Mexico	Peso		.07823	12.78	
Netherlands	Florin		.2592	3.86	
Netherlands Antilles	Florin		.5223	1.91	
New Zealand	Pound		2.7483	.3639	
Nicaragua	Cordoba	Effective buying	.1481	6.75	
		Official selling	.1387	7.21	
Nigeria	Pound		2.7483	.3639	
Norway	Krone		.1372	7.29	
Pakistan	Rupee		.2061	4.85	
Panama	Balboa		.9778	1.02270	
Paraguay	Guarani	Official	.007730	129.37	
Peru	Sol		.03639	27.48	
Philippines	Peso	Free	.3259	3.07	
		Official	.4889	2.04	
Portugal & Colonies	Escudo		.03413	29.30	(9)
Singapore and Malaya	Straits Dollar		.3206	3.12	
Spain and Dependencies	Peseta		.01630	61.36	
Sweden	Krona		.1890	5.29	
Switzerland	Franc		.2271	4.40	
Syrian Region, United Arab Rep.	Pound	Free	.2732	3.66	
Thailand	Baht	Free	.04625	21.62	(8)
Turkey	Lira		.1086	9.21	(8)
Union of South Africa	Pound		2.7483	.3639	
United Kingdom	Pound		2.7483	.3639	
United States	Dollar		.9778125	1.02269095	
Uruguay	Peso	Free	.08877	11.26	(10)
Venezuela	Bolivar		no quotation	no quotation	
West Indies Fed.	Dollar		.5726	1.75	(11)
	Pound		2.7483	.3639	(12)
Yugoslavia	Dinar	Official	.003259	306.84	(8)
		Settlement rate	.001547	646.34	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Guiana, Guadeloupe, Martinique. The new heavy france (worth 100 old francs) became effective on Jan. 1, 1960.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Markets in Brief

FRANCE

ENGLAND
NETHERLANDS
Dunkirk
Lille
BELGIUM
English Channel
WEST GERMANY
LUX
Le Hâvre
Rouen
Paris
Strasbourg
Nantes
FRANCE
SWITZERLAND
Bay of Biscay
Lyons
St. Étienne
Bordeaux
ITALY
Toulouse
Marseilles
SPAIN
Mediterranean Sea

Area: 220,416 square miles.

Population: 45.3 million at the end of 1959.

Climate: temperate, high humidity.

Language: French.

Currency: franc, nouveau franc (NF.); Can.$1.00=NF.5.01 (or 501 old francs) as at December 5, 1960.

Weights and measures: metric system.

Capital: Paris.

Chief ports: Marseilles on Mediterranean; Bordeaux and Nantes on Atlantic Ocean; Le Havre, Rouen and Dunkirk on English Channel.

Marketing centres: Paris (population) 2.8 million, greater Paris 6 million; Marseilles 733,000; Lyons 550,000, greater Lyons 800,000; Lille 195,000, greater Lille 1 million; Rouen 116,000, greater Rouen 350,000; Bordeaux 260,000; Toulouse 270,000; Nantes 200,000; Strasbourg 200,000; Le Havre 150,000; Saint-Etienne 180,000.

Economy: highly developed and balanced. Ample capital, steady expansion.

Total French imports: (c.i.f.) 1957—U.S.$4,531 million; 1958—U.S.$4,710 million; 1959—U.S.$5,122 million ($113.06 per capita).

Chief imports: 1959 (in per cent)—petroleum products 16.5, agricultural products 13.8, textiles and manufactures 11.2, machinery and apparatus 11.1, coal and derivatives 8.6, chemicals 5.7, non-ferrous metals and products 5.3, paper and manufactures 3.6.

Chief suppliers: 1959 (in per cent)—Algeria 6.6, other franc zone 17.5, West Germany 14.4, United States 8.3, Belgium and Luxembourg 5.3, Arabian countries 5.7, Iraq 3.6, United Kingdom 3.8, Netherlands 3.3, Australia 2.6, Switzerland 2.2, U.S.S.R. 1.9, Sweden 1.7.

Value of imports from Canada: (f.o.b.) 1959—Can.$43.5 million; 1958—Can.$45.1 million.

Chief imports from Canada: 1959 (in per cent)—oilseeds 7.1, synthetic rubber 13.9, copper 13.4, other non-ferrous metals 0.7, pulps 5.4, aluminum 20.0, asbestos 11.4, wheat 8.7, synthetic resins 3.7.

Total French exports: 1959—U.S.$5,611 million; 1958—U.S. $4,306 million; 1957—U.S.$3,778 million.

Chief exports: 1959 (in per cent)—iron and steel and manufactures 12.2, machinery and apparatus 8.2, textiles and manufactures 13.8, autos and cycles 10.3, chemicals and products 9.3, agricultural and food products 17.1.

Chief markets: 1959 (in per cent)—Algeria 17.0, other franc zone countries 14.8, West Germany 13.0, Belgium and Luxembourg 6.7, United States 8.1, United Kingdom 4.5, Switzerland 4.0, Italy 4.7, Netherlands 2.5, Sweden 1.8, U.S.S.R. 1.6.

Value of Canadian purchases: (f.o.b.) 1959—Can.$58.2 million; 1958—Can.$41.1 million.

Chief Canadian purchases: 1959 (in per cent)—wines and alcoholic beverages 7.9, automobiles 28.5, chemicals and pharmaceuticals 5.4, textiles and apparel 7.4, books 0.9, iron and steel 8.7, food products 2.5, glass and glassware 3.1.

Dollar exchange: freely available for all liberalized products imported. However, some commodities remain under import control.

Prices: should be quoted in either Canadian or United States dollars, preferably f.o.b. or even c.i.f. whenever possible.

Samples: practically no restrictions on imports of samples but they are subject to customs duties if of commercial value.

Trade agreements: most-favoured-nation agreement with Canada; equal tariff treatment of imports from all GATT countries, but lower duties on many imports from countries of European Economic Community (Common Market).

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: The Royal Bank of Canada (France), Banque Canadienne Nationale, Bank of Montreal (Agency).

Correspondence: airmail preferable; letters 15 cents per half-ounce.

For detailed information on this market write to:

European Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor
Canadian Embassy
35 Avenue Montaigne
Paris 8e

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DECEMBER 31, 1960

foreign trade

ANADA

TRADE AND COMMERCE MEETS BUSINESSMEN (page 18)

Established in 1904

foreign trade

OTTAWA, DECEMBER 31, 1960 Vol. 114, No. 14

cover For ten days, individual businessmen and Trade Commissioners got down to brass tacks in half-hour interviews as the Export Trade Promotion Conference proceeded. Our cover photograph shows Bruce I. Rankin (back to camera) Deputy Consul General (Commercial), and A. A. Caron, (centre) Consul and Trade Commissioner, New York, discussing a marketing problem with N. A. Fallon of the Canadian Marconi Company, Montreal. For a story on the Conference, see page 18.

CANADA

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5 **Business Explores the Common Market** . . . *the secretary of the recent trade mission to the EEC reports on the varied contacts it made.*

8 **Switzerland as a Market for Toys** . . . *where do imports come from? In what types could Canadians compete?*

10 **The Mexican Market for Chemicals** . . . *part two of this study analyzes chemical imports, gives advice on marketing procedure.*

14 **How Japanese Trading Companies Operate** . . . *step one in understanding the Japanese market—a look at the export-import houses.*

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Philippines struggles to strengthen economy by boosting exports and cutting down imports. New trade pattern emerging; reduces opportunities for some Canadian goods but expands them for others.

Philippines Makes Headway

R. H. GAYNER,
Vice-Consul and Assistant Trade Commissioner, Manila.

THE PHILIPPINES, mainly an agricultural economy, relies on exports of copra, sugar and hemp for foreign exchange to buy products not manufactured locally. In the brief 14 years of its independent existence, it has striven to diversify its economy, to rely less upon imports, and to develop its natural resources and broaden the scope of its exports.

Starting practically from scratch after the war, the Philippines has made great progress in 14 years. Evidence of this is the fact that in 1949, 37.3 per cent of imports consisted of consumer goods and 62.7 per cent of producer goods. By 1959 these figures had changed to 12.4 and 87.6 per cent, respectively.

Throughout this period, and particularly since 1956, the great problem has been to maintain sufficient reserves of foreign exchange with which to pay for imports. In 1952 foreign exchange reserves stood at U.S.$355.9 million. By January 1959 they had dropped to U.S.$ 127.3 million—a result of low prices for sugar and copra and large disbursements for capital and consumer goods.

Conserving Foreign Exchange

In an attempt to arrest the depletion of foreign exchange reserves in mid-1959, the Central Bank began applying a 25 per cent tax on all applications for foreign exchange. (This was lowered to 20 per cent in November 1960.) At the same time, measures were taken to restrict credit and to cut down imports further by administrative slowdown in the processing of applications for foreign exchange. In addition, the Government cut down expenditures, particularly on capital goods, and reduced its inflationary deficit-financing policies. Foreign exchange reserves were further bolstered by increased earnings from exports of logs and lumber, plywood, chrome and copper ores, abaca (manila hemp), canned pineapple and desiccated coconut.

The 25 per cent foreign exchange tax has had the effect of draining off a great deal of purchasing power, and it has had an even greater effect on bank credit. The business community, pressuring the monetary authorities for some sort of relaxation, feels that economic growth is stifled by too severe restrictions on imports. Many observers believe, however, that economic growth in the Philippines can only be achieved through foreign investment in the country or investment of self-obtained dollars, and that one of the prime necessities to lure foreign investment is a sound economy backed by a sufficient reserve of foreign exchange.

Multiple Exchange Rates

To meet the demand for easement, particularly in view of rising foreign exchange reserves, the Central Bank announced a "decontrol program" on April 25 of this year. This program introduced a type of devaluation through the establishment of a multiple rate of exchange. The Central Bank now buys foreign exchange at two rates. Foreign currency earned by exports is redeemed 70 per cent at the old official rate of P.2.00 to U.S.$1.00 and 30 per cent at the so-called free market rate (P3.00 to U.S.$1.00) announced by the Central Bank. This means that exporters now receive P2.30 for each U.S. dollar earned, a net increase in the exchange rate of P0.30.

The Central Bank sells foreign currency at a rate of P2.00 to U.S. $1.00 for imports which it classifies as essential. Virtually all these selling transactions are further subject to the 25 per cent "margin fee" (foreign exchange tax), thus making the effective rate P2.50 to U.S. $1.00. Quota allocations of foreign exchange, announced quarterly by the Central Bank, are maintained

PHILIPPINE EXPORTS

	1958	1959
	(f.o.b. value, millions of U.S. dollars)	
Sugar, centrifugal	115.6	112.7
Desiccated coconut	16.4	18.4
Pineapples, canned	4.4	8.0
Abaca, unmanufactured	28.8	38.6
Logs and lumber	69.7	80.5
Chromite ore	12.6	16.6
Copper concentrates	14.8	16.1
Plywood and veneers	7.3	14.9
Others	221.7	225.8
Total domestic exports	491.3	531.6

Source: Central Bank of the Philippines.

PHILIPPINE IMPORTS

	1958	1959
	(f.o.b. value, millions of U.S. dollars)	
Textile yarns, fabrics, made-up articles and related materials	53.9	38.7
Base metals	50.3	50.5
Paper, paperboard and manufactures thereof	17.0	19.7
Manufactures of metals	19.0	15.2
Machinery and parts other than electric	77.7	78.4
Transport equipment	28.6	27.3
Electric machinery, apparatus and appliances	20.3	29.4
Food	117.8	68.3
Minerals, fuels and lubricants	61.0	59.4
Others	113.3	122.5
Total	558.9	509.4

Source: Central Bank of the Philippines.

on these types of imports. Foreign exchange for less essential commodities is sold at a rate of P3.00 to U.S.$1.00, plus the exchange tax, making an effective rate of P3.60 to U.S.$1.00. Under the new regulations, any person who qualifies as a regular importer may buy foreign exchange at the free market rate. The Central Bank has left the volume of such "free market" transactions to the discretion of the commercial banks, and quota allocations have been abolished on these less essential commodities.

Though the Central Bank appears to have satisfied the demand for at least partial decontrol of imports, in fact, this is something of an illusion. Many goods formerly classified as essential were re-classified as non-essential. And because of the tight money situation, very few can afford to import at a rate of P3.60 to U.S.$1.00. The net result has been a further tightening of restrictions on imports and a devaluation for the benefit of exporters.

Production Picks Up

The Central Bank policy of attempting to cut back non-essential imports and develop exports is showing results, as demonstrated by the decrease in imports in 1959 from 1958 (a trend that is continuing in the first half of 1960) and by the increase in exports. In addition, the establishment of dollar-saving and dollar-earning industries is continuing. In recent months the first sheetglass plant in the Philippines has been set up; International Harvester has opened a tractor and farm-equipment assembly plant; three new 30,000-barrel oil refineries are under construction (there is at present only one in the Philippines); a new hydro-electric plant generating 100,000 kw. has come into production; a second wheat flour mill is operating and a third is under construction, and one new pulp and paper mill has begun operating.

Agricultural output has picked up. Last year was the first in which the Philippines did not have to import rice, and this year shows signs of producing an equally good crop.

Before the Philippines can attain the sort of development envisioned by its leaders, it must create a more favourable environment for foreign investment. Large sums of foreign capital are needed for the creation of heavy industries such as shipbuilding, steel smelting, etc., which the Filipinos are anxious to have. However, even before that, a great deal of foreign capital must be procured for development of mineral resources. The great problem is to make this need compatible with the rising force of nationalism in the country which, as it applies to the business community, is labelled the "Filipino First" movement. There is general dissatisfaction here with the alleged control of the economy by aliens and alien importers are restricted in their activities; alien retailers may not pass their firms on to their heirs. Nevertheless, capital projects are being undertaken and new industries gradually being developed.

PHILIPPINE SUPPLIERS

	1949	1955	1959
		(in per cent)	
United States	80.0	65.0	45.5
Japan	2.7	7.9	17.7
European countries	2.4	7.9	13.6
Canada	2.3	3.3	2.7
Indonesia	2.7	3.5	8.1
Malaya and Singapore		2.3	1.1
Hong Kong	.3	1.6	1.6
Other countries	9.6	8.5	9.2

Source: Central Bank of the Philippines.

EXPORTS FROM CANADA TO THE PHILIPPINES

	1958	1959
	(in Canadian dollars)	
Flour	8,700,865	5,355,082
Wheat	668,596	2,193,397
Sulphate kraft pulp, unbleached	225,972	1,159,665
Other pulps	56,786	162,920
Newsprint	878,202	1,590,090
Mining machinery and parts	223,785	221,918
Machinery and parts, n.o.p.	66,219	987,470
Aluminum	1,324	29,415
Copper	312,071	256,009
Asbestos	155,552	276,189
Fertilizers	1,439,373	311,631
Others	1,359,457	2,387,643
Total	14,088,202	14,931,429

Source: Dominion Bureau of Statistics.

Trade Pattern Changes

Changes are also taking place in the pattern of imports and in the direction of foreign trade. Many Filipino leaders wonder what will happen to their export markets as a result of the recent formation of world trading blocs. By 1974 the preferential treatment of Philippine goods entering the United States market will cease under terms of the trade agreement between the United States and the Philippines. By then the Philippines must be ready to compete in world markets.

The Philippines has been cutting back imports from the U.S. and is buying more and more from Japan and Europe. Both Japan and Europe have made great sales efforts in this market and, on machinery and the like, are strongly competitive in middle and long-term financing.

What does this mean for Canadian businessmen? For Canada's largest single export to the Philippines, wheat flour, it may mean the virtual disappearance inside 18 months of the Philippine market. At present, because of the preference of local millers for guaranteed protein wheat, it appears that future Canadian wheat sales to this market will not be significant.

There Are Opportunities

For Canadian exporters of raw and semi-processed materials such as wood pulp, metals and chemicals, the Philippines presents possibilities for a growing market. Canadian exporters of consumer goods may have more difficulty in view of the strong competition from Japan and the U.S. and increasing local production.

Exporters of machinery, capital equipment and engineering know-how would be well advised to keep in touch with developments in the Philippines. At present there is an increasing amount of oil exploration, some half-dozen hydro-electric and thermal electric projects are under consideration, two new railway projects are being studied—one in northern Luzon and one in Mindanao island in the south—and a medium-sized steel smelter and mill are being planned.

If the Philippines can achieve economic stability and can encourage foreign investment, there should be a great deal of industrial activity here, with Japan, Europe and the U.S. competing strongly for a share of the market. ●

Scotland Today: Trade and Industry

ABOUT one-third of all that Scotland manufactures goes overseas and, with the industrial diversification in recent years, the variety of exports is increasing. Scotland has always been dependent on exports and the Scottish Council (Development and Industry) has begun a campaign to boost foreign sales by 10 per cent. The Council's plans call for more trade missions overseas, the provision of expert advice on foreign trade fairs, and building up its own export committee.

Scottish exports to Canada are made up mainly of marine engines, earthmoving equipment and other products of the engineering industry; light castings; golf clubs; textiles; confectionery and other foodstuffs, such as jams, marmalade, and whisky; linoleum; curling stones; fish products, and some paper products. Canada sells to Scotland, in order of importance, iron ore, grain and flour, paper, timber, puncheon packs, aluminum, flaxseed, fruits, provisions, wood pulp, empty casks, rubber, spool wood, tobacco, cheese, footwear, canned goods and honey.

The Scot is fairly conservative in his tastes and his purchasing power is limited, but he does like and buy quality goods. For the most part, however, this is a very competitive market and to get a foothold here Canadian manufacturers must have a product that is competitive in price and of a quality and kind not available locally. The Glasgow office is in full operation and will welcome inquiries from Canadian producers.

Industrial production in Scotland in the first six months of 1960 rose by 10 per cent over the average achieved in 1954, according to the *Digest of Scottish Statistics*. General prospects for industry are encouraging, though a slowing down is again evident, in line with the trend throughout the United Kingdom. Scotland, with only one-tenth of the total population of the United Kingdom, accounts for 36 per cent of the total U.K. output of ships, a higher percentage of heavy engineering equipment, mining machines and boiler plant than its population appears to warrant, 60 per cent of the sugar machinery produced, and 90 per cent of the sewing machines. It manufactures all of Britain's aluminum and almost all of its jute, has one of the largest aircraft engine production and repair factories in Europe, and a growing electronics industry. It makes more than half of Britain's linoleum, two-thirds of its typewriters, one-third of its calculating and accounting machines, cash registers, clocks and carpets.

Chemicals and allied industries showed the greatest production rise in the first six months of 1960, followed by food, liquor, tobacco, metal manufactures, clothing, engineering and electrical goods, paper, printing and publishing, and construction. Output of the mining and quarrying, marine engineering and timber furniture industries declined.

The shipbuilding industry is meeting strong competition but modernization on the Clydeside has put it in a stronger position. New orders obtained in the first half of 1960 were higher at 117,000 tons, but they were less than half the tonnage completed. Orders at the end of June 1960 of some 120,000 tons were about 10 per cent less than those on hand at the beginning of the year. There are hopes however that the new *Queen* will be built on the Clyde and this will give Glasgow a real lift.

—P. V. McLANE, *Trade Commissioner, Glasgow.*

Fourteen of the fifteen members of the Canadian Trade Mission to the European Economic Community, photographed in the Canadian Embassy, Brussels, first stop on the Mission's three-week itinerary that covered the Common Market countries.

Business Explores the Common Market

Thirteen leading Canadian executives recently spent three weeks on a Trade-and-Commerce Mission to the Six, talking trade with leaders of government and industry.

A. M. TEDFORD, *Assistant Director, Commodities Branch.*

LATE in October a Canadian Trade Mission made up of thirteen senior business executives returned to Canada after three weeks spent in exploring the potentialities of the European Economic Community as a market for Canadian goods. Organized by the Department of Trade and Commerce and headed by the Deputy Minister, James A. Roberts, the Mission was composed of men drawn from companies prominent in the Canadian chemical, pulp and paper, and metal and mineral industries. It visited in turn Belgium-Luxembourg, the Netherlands, West Germany, Italy and France. In each country it met senior officials of government—particularly those concerned with economic and trading policies—as well as leading industrialists and men prominent in business and trade associations. In Brussels, headquarters of the European Economic Community, it met with important figures in the EEC.

Our Trade with EEC

The importance of the EEC to Canadian trade does not need emphasis. Together the Six constitute the third largest market for Canadian products; last year Canadian sales to them reached $316 million, or some 6 per cent of our total exports. About 40 per cent of this trade was in agricultural products and another 40 per cent in primary and semi-processed materials exported largely by the chemical, metal and mineral and pulp and paper industries. (It was this latter fact that dictated the selection of the men making up the Mission.) Moreover, after a slight decline in 1958 and last year, our sales to the Common Market countries are once again rising.

From the Six, Canada obtains a substantial portion of its imports. These imports, largely of manufactured goods, have been growing steadily—from $235 million in 1957 (the year in which the Common Market treaty was signed) to $245 million in 1958 and to about $300 million in 1959. The figures for the first eight months of 1960

Members of the EEC Mission

Leader

JAMES A. ROBERTS, Deputy Minister, Department of Trade and Commerce.

Industrial Representatives

D. W. AMBRIDGE
President, Abitibi Power & Paper Company, Ltd.

J. R. BRADFIELD
President, Noranda Mines, Limited

FRASER W. BRUCE
President, Aluminum Company of Canada, Limited

GEORGE DeYOUNG
President, Atlas Steels Limited

E. B. GILLANDERS
Executive Vice-President, The Rio Tinto Mining Company of Canada Limited

J. R. GORDON
President, The International Nickel Company of Canada, Limited

W. S. KIRKPATRICK
President, Consolidated Mining & Smelting Company of Canada Limited

H. H. LANK
President, Du Pont of Canada Limited

ELLIOTT M. LITTLE
Chairman of the Board, Anglo-Canadian Pulp and Paper Mills, Limited

PAUL OUIMET
Legal Adviser, Iron Ore Company of Canada

A. L. PENHALE
President, Asbestos Corporation Limited

E. R. ROWZEE
President, Polymer Corporation Limited

L. D. SMITHERS
President, Dow Chemical of Canada, Limited

Secretary

A. M. TEDFORD, Assistant Director, Commodities Branch, Department of Trade and Commerce.

($187 million) show that this trend is continuing.

Objectives of the Mission

"It is to preserve and protect these markets and to secure our fair share of the expansion which is bound to come from your increased prosperity that the Canadian Government has sponsored this high-level trade mission to the EEC countries," said Deputy Minister Roberts, speaking on behalf of the Mission to the annual general meeting of the Netherlands-Canada Chamber of Commerce in Rotterdam. "Our objective," he added, "is to observe at close range the requirements of your industries and consumers and to discuss with leaders of government and senior industrialists the many commercial factors that can influence the lives of millions of our citizens on both sides of the Atlantic."

In addition, the Mission was charged with impressing upon European businessmen and government officials the advantages to their economies of taking the commercial interests of Canada fully into account in future planning. In turn, the information which is gathered will help Canadian industry to assess how it can best serve the requirements of the Community and to consider what changes in production and marketing may be necessary to achieve these objectives.

The members of the Mission began carrying out their assignment as soon as they flew into Brussels, headquarters of the EEC. For the businessman, being part of a trade mission means that he has an entrée to the highest policy level of government and industry across a broad front; travelling on his own pursuits, he is more likely to meet executives and officials at the operating level and to learn mainly about the competitive factors in his field. The Mission, however, was able to hold valuable discussions with the men who are shaping the destinies of the Common Market. For example, it met with Dr. Walter Hallstein, president of the Commission of the European Economic Community, and the six other members. Dr. Hallstein explained to the Mission the philosophy behind the formation of the Common Market and its organization, aims and objectives. Later the Mission met with the heads of the Commission's sections on economic and financial affairs and on external relations.

An outline of the Mission's itinerary and of its program in each city may give the reader some idea of what it accomplished in three extremely busy weeks.

Belgium

Brussels—High-level discussions with officials of the Commission of the European Economic Community, as described above. Luncheon meeting with Jacques van Offelen, the Belgian Minister of Foreign Trade, followed by a round-table discussion with officers of the Ministries of Foreign Trade and of Economic Affairs, largely on commercial policy and on Belgium's relations with the EEC.

Mission members met separately with the trade associations in their particular fields—such as metals and mining or pulp and paper, and also had talks with officers of the Federation of Belgian Industries and with the managing director of the Banque du Commerce on the economic climate in Belgium and Belgian policy on trade promotion both at home and abroad.

The Netherlands

The Hague—Meeting with the Federation of Netherlands Industries to explore how the Netherlands fits into the Common Market picture and what role she expects to play in it. Also investigated what materials Dutch industries buy from foreign sources and Dutch policy towards the other Common Market countries.

Rotterdam—This visit included a tour of the reconstructed port and attendance at the annual general meeting of the Netherlands-Canada Chamber of Commerce at which Mr. Roberts was the special speaker.

The Hague—The final event was a conference with and luncheon at the Dutch Ministry of Economic Affairs. The secretary-general of the Ministry, Prof. Dr. G. Brouwers, outlined the economic recovery and development of the Netherlands, the harmonization of its policies with those of the Common Market, and its commercial relations with the EEC.

West Germany

Bonn—Here the Mission had a useful meeting with Professor Dr. Mueller-Armac, state secretary to the Ministry of Economics, plus a short talk with Dr. Ludwig Erhard, the Minister of Economics. Subjects covered included the current economic situation in Germany, its relations with the Common Market, and the evolution of German trade with the Common Market and with other countries. Members were assured that Germany will still require raw materials from foreign countries, including many that Canada can provide.

Dusseldorf—A tour of a part of the industrial Ruhr, followed by a luncheon meeting with the Dusseldorf Chamber of Industry and Commerce. At the luncheon Dr. Franz Kirchfeld, chairman of the Chamber's Foreign Trade Committee, spoke; this was followed by a question period. Later came group discussions with representatives of the various industries.

Hamburg—An interesting tour of the Port of Hamburg, followed by a luncheon given by the Hamburg Chamber of Industry and Commerce.

Frankfurt—Again, meetings with the local Chamber of Industry and Commerce and discussions with its members. One interesting and unscheduled feature of this visit was an informal talk with two trade union representatives on the part that labour has played in Germany's economic recovery.

Italy

Milan—In this northern Italian city, the Mission members met with officers of ENI, (National Hydrocarbons Board), whose major field is petroleum and natural gas. Some of the businessmen also met officers of ASSOMET, the association that deals with metals and which is a part of the General Federation of Italian Industries. With the Federation they discussed industrial development policies, and attitudes and incentives towards the establishment of branch plants in Italy. Meeting also with IRI, the state-controlled industrial complex which has sales of over $2 billion a year and many interests.

Rome—Discussions with government officials, particularly in the Ministry of Foreign Trade.

France

Paris—Highlight of the four days in Paris was the discussions with senior officials of the Ministries of Finance and of Economic Affairs and Industry, and the meetings with French businessmen, particularly the Conseil National du Patronat Francais.

The mission had a particularly interesting interview with Dr. Bernard Clappier, one of the Group of Four who prepared the report on proposals for the Organization for Economic Co-operation and Development (to succeed the Organization for European Economic Co-operation) and with Wilfrid Baumgartner, the French Minister of Finance. One afternoon was set aside for interviews with people who wished to talk to the Mission because they were concerned about products in the fields familiar to its members.

Summing-Up

The very fact that 13 of the senior business leaders in Canada were prepared to divorce themselves from their busy schedules and take part in a trade mission to the Common Market indicated their real concern with Canada's trading position. Before they left Paris on the flight home, the Mission held a round-table discussion on and a review of its findings. It also voiced its deep appreciation of the warm hospitality it received everywhere and the enthusiasm that its visit aroused. In each of the Six it was made aware of the close bonds of friendship between Canada and the EEC.

Turning to trade, the Mission felt that the rapid implementation of the Rome Treaty setting up the Common Market had given a profound impetus to economic growth within the EEC and this growth could be expected to continue. There are ample opportunities for Canada to share in this advance through sales of competitively priced primary and semi-processed industrial materials. At the same time, the emergence of the Common Market has presented Canadian industry with a new challenge—a challenge that must be met by maintaining and if possible improving the competitive position of its products.

To their colleagues, the industrialists of Canada, the Mission brought this message—that it is imperative for government, business and labour in Canada to take immediate and imaginative steps to check rising costs and to achieve the maximum use of Canadian resources, skills and manpower, if we are to hold or increase our share of the prosperous EEC market. ●

Switzerland as a Market for Toys

Some 60 per cent of toys sold by Swiss stores are imported—many from the U.S. How should Canadians go about getting a much larger share of this business?

Y. B. HEISSLER, *Commercial Assistant, Berne.*

THE Swiss toy trade is active and well-organized. There are over 250 retail stores, including department stores, that handle toys exclusively or as one of their more important lines. Switzerland has a population of roughly five million people, so the market appears to be adequately served.

About 60 per cent of the sales made by the Swiss retailers are of foreign toys; the domestic industry—some 30 small and medium-size enterprises—supplies the remainder, with the emphasis on wooden and metal toys. There are only two doll manufacturers and two producing plastic toys. In view of the keen foreign competition in mechanical toys, dolls and plastic toys, a number of Swiss manufacturers concentrate on specialty items particularly suitable for the Swiss market or with typical Swiss designs and motifs. The degree of precision and perfection in their products is high.

In 1959, Switzerland imported Sw.F.33.3 million worth of toys, an increase of Sw.F.3 million over the preceding year. West Germany is by far the main source of supply: 47 per cent (Sw.F.15.5 million) of total Swiss toy imports in 1959 came from that country. These shipments consisted mainly of mechanical and metal toys and electric trains in particular. However, plastic toys are becoming increasingly popular. These are often manufactured under licence from United States firms or as a result of an exchange of tools and dies with North American producers.

The United States is Switzerland's second most important source of supply, with 1959 imports valued at Sw.F.4.7 million, or 12.5 per cent of total toy imports. The principal types purchased in the United States are dolls (mainly drinking and wetting), construction toys, hobby kits, puzzles, model aircraft, cowboy and Indian suits, rubber squeeze toys and plush animals. As a general rule, the Swiss buy American toys which are either exclusive, newly developed and not as yet available from cheaper European sources, or quality mass-produced toys at competitive prices. Some of the Swiss department stores and large retail organizations visit the New York Toy Fair regularly.

Italy and the United Kingdom in 1959 each sold Sw.F.2.8 million worth of toys to Switzerland. Italian dolls are extremely popular and account for almost the entire purchases from Italy. Other countries find it hard to compete in this sector, although French dolls seem to be gaining in popularity. From the

United Kingdom come principally construction sets, educational toys, plush animals and plastic toys. The last two are partly manufactured under North American licences or through exchange of tools and dies.

Japan, with shipments to Switzerland valued at Sw.F.1.9 million in 1959, is a serious competitor because of improved quality in mechanical and wooden toys and also inflatables.

Canada has in recent years done very little business on the Swiss toy market; imports in 1959 reached only Sw.F.2,926.

Import Channels

The Swiss toy retailers import either direct or (to a lesser extent and mainly from overseas exporters) through established agents and distributors. Assortments are generally large but purchases and stocks of individual items rather small. Roughly, there are five categories of Swiss firms importing toys:

- a branch-store company specializing in toys, with large and modern stores in the principal centres
- department stores
- chain-store organizations
- Swiss Association of Toy Retailers and its members
- agents and distributors.

The specialized branch-store company and the department stores have buying offices in the principal producing countries and particularly in the United States (New York) through which the bulk of their foreign purchases are made. Many department stores do group buying and visit the principal Toy Fairs, especially those of Nuremburg, Brighton, Lyon, Paris, Milan and New York.

The chain-store organizations sell the cheaper lines of toys, mainly made of plastics and celluloid. Most of these are imported direct from Germany, Hong Kong, Japan, the United Kingdom, the United States and Denmark.

The Swiss Association of Toy Retailers, with approximately 50 members, mainly in the smaller cities of the German-speaking part of Switzerland, does group buying mainly from European sources, although its members do not purchase exclusively through the Association's buying centre.

There are not many agents and distributors, mainly because of the practice of direct buying that the important organizations and retail outlets follow. However, overseas suppliers often work successfully through exclusive agents on the Swiss market.

Duties and Margins

There are no payment restrictions affecting toy imports and the import duties are generally reasonable and rather lower than in most European countries. All duties are based on weight. Switzerland's membership in EFTA has resulted in toy import duties 20 per cent lower than normal on goods arriving from the other EFTA member countries (United Kingdom, Sweden, Denmark, Norway, Austria and Portugal).

The mark-up of Swiss toy wholesalers averages between 15 and 20 per cent of the selling price and, as a rule, retailers have a profit margin of 33⅓ to 50 per cent. In general, toys from North America retail in Switzerland at double and more the factory price.

Sales Possibilities

Switzerland's toy importers are always interested in good quality competitive products and especially in novelty goods not readily available in Europe. Because many United States manufacturers interchange tools and dies with European companies, mainly in West Germany and the United Kingdom, American novelty items and new mass-produced toys are usually available from European manufacturers one or two years later in exactly the same designs and colours, and sometimes at appreciably lower prices than the original American models.

The larger Swiss firms usually buy their toys for the Christmas season from January to June. In general, they do not place orders on the basis of an examination of catalogues and brochures, even if the toys offered are attractive and competitive in price. They always ask for samples, especially of dolls, because hair-style, colour and clothes are very important.

Catalogues and brochures must therefore be submitted in sufficient time to permit a careful study, the placing of sample orders, and receipt of these samples in good time. The large retailers publish substantial toy catalogues that take time to prepare. These catalogues receive wide distribution and result in considerable sales. As a rule, catalogues, brochures and quotations (on a c.i.f. European port basis) must be received in Switzerland a few weeks before the opening of the New York Toy Fair.

There may be possibilities in the Swiss market for Canadian toy manufacturers, especially if they offer novelty items, toys with new gimmicks and, in general, toys not available from European sources. Canadians can make useful contacts with potential Swiss buyers at the New York Toy Fair and through buying agents in New York.

Further information on the Swiss market for toys is available from the Commodities Branch of the Department of Trade and Commerce. The Commercial Counsellor in Berne will be glad to assist Canadian firms in establishing connections with Swiss toy importers.

London Office Moves

The Canadian Trade Commissioner's office in London is moving and by the first of January the Minister (Commercial) and his staff will be established at One Grosvenor Square, London, W.I. The new telephone number is Mayfair 9492.

Chemicals

The Mexican Market II

Mexican imports of chemical products have been rising steadily and now account for 15 per cent of all imports. Canadian suppliers would do well to take a serious look at this interesting market.

A. A. LOMAS, *Assistant Commercial Secretary, Mexico, D.F.*

IN the preceding issue of *Foreign Trade* we reviewed the rapid progress made in recent years in the Mexican chemical industry. Inevitably such major developments will reduce certain chemical imports. At the same time, however, a growing market in the chemical-using industries, plus inadequate domestic supplies of many raw and intermediate materials, should ensure a continuing large volume of total chemical imports.

Mexican imports of chemical products have been rising steadily in

MEXICO'S LEADING CHEMICAL IMPORTS 1959

Principal Chemical Elements and Compounds

	Quantity '000 lb.	Value '000 U.S.$	More (+) or less (—) than 1958	Ad valorem duty per cent	Import licence needed	Main supplier 1959
Hydrochloric or muriatic acid	794	192.6	—	10	no	U.S.
Hydrofluoric acid	596	130.6	—	25	no	U.S.
Phosphoric acid, excluding phosphoric anhydride	1,663	138.3	—	12	yes	U.S.
Sulphurous acid and anhydride	2,464	148.7	+	10	no	U.S.
Nitric or azotic acid	2,873	268.4	+	10	no	U.S.
Freon gas	1,291	348.8	+	5	no	U.S.
Gas of vinylic origin	5,854	667.8	+	3	no	U.S.
Elemental phosphorus	5,925	1,204.9	+	2	no	U.S.
Aluminum hydrate	4,314	144.0	—	15	no	Germany
Aluminum oxide	4,906	251.5	+	3	no	U.S.
Ammonium phosphate	1,947	130.2	—	7	yes	U.S.
Ammonium nitrate	45,120	1,593.7	—	2	yes	U.S.
Ammonium sulphate	54,787	1,077.7	+	3	yes	U.S.
Calcium phosphate	3,447	281.7	—	8	yes	U.S.
Magnesium oxide	3,890	321.0	+	7	no	U.S.
Potassium chloride	26,849	456.6	—	3	no	U.S.
Potassium sulphate	3,485	116.0	+	7	no	U.S.
Sodium carbonate or soda ash	142,206	2,526.0	+	7	yes	U.S.
Liquid caustic soda	39,540	970.0	—	7	yes	U.S.
Solid caustic soda	56,987	2,413.3	+	8	yes	U.S.
Tribasic sodium phosphate	2,352	129.3	—	10	no	U.S.
Sodium hexametophosphate	1,443	164.7	+	10	no	U.S.
Sodium pyrophosphate	2,889	239.7	—	10	no	U.S.
Sodium sulphate, calcined	4,695	144.6	+	7	yes	U.S.
Sodium sulphite	2,829	154.5	+	3	yes	U.S.
Sodium phosphates, n.o.p.	29,852	2,828.3	—	12	yes	U.S.
Titanium oxide	9,464	2,327.0	+	7	yes	U.S.
Inorganic salts, n.o.p.	1,685	223.9	—	20	yes	U.S.
Citric acid	2,290	538.0	+	25	no	U.S.
Phthalic acid	1,342	195.4	+	40	yes	France
Organic acids or anhydrides	612	191.9	+	4	no	U.S.
Organic acids, solids, n.o.p.	352	147.4	+	30	no	U.S.
Methyl alcohol	6,926	317.6	+	7	yes	U.S.
Butyl alcohol or butanol	810	122.6	+	7	no	U.S.

the past five years—from U.S.$104 million in 1955 to U.S.$157 million in 1959. They now account for 15 per cent of all purchases abroad. For 1959 this total figure may be divided into the following principal groups (values in millions of U.S. dollars): chemical elements and compounds 57.0; fertilizers 14.4; curing, tanning and colouring materials 9.7; narcotics and drugs under special licence 13.7; drugs, medicines and pharmaceuticals 11.4; essential oils, perfumes, soaps and cleansers 4.8; explosives 1.4, and products not otherwise specified 44.6.

Although space will not permit a detailed analysis of all these groups, Canadian chemical manufacturers may be interested in the accompanying table which shows the leading imports in 1959 under the heading "chemical elements and compounds". Also shown are the ad valorem rates of duty (as of June 1, 1960), information on import permits, the principal foreign supplier, and an indication (by + or —) of whether imports increased or decreased in relation to 1958.

It must be emphasized that the table covers only one group of imports and does not include the very large imports in the tanning, pharmaceutical and other groups. Because of their possible interest to Canadian exporters, however, the following are 1959 figures for leading imports in the fertilizer group (in millions of U.S. dollars): chemical fertilizers of mineral origin 5.5, anhydrous ammonia (in tank cars) 3.5, chemical fertilizers of urea base 1.8, chemical fertilizers of ammonium phosphate base 1.2, and chemical fertilizers of calcium superphosphate base 0.8.

Worth Investigating

Canadian firms interested in selling chemical products in Mexico should bear in mind the following:

- The total Mexican chemicals market is expanding and imports have been increasing.

MEXICO'S LEADING CHEMICAL IMPORTS 1959

Principal Chemical Elements and Compounds

	Quantity '000 lb.	Value '000 U.S.$	More (+) or less (—) than 1958	Ad valorem duty per cent	Import licence needed	Main supplier 1959
Polybasic alcohols	812	211.8	+	4	no	Canada
Ethylene glycol	1,109	159.5	+	12	yes	U.S.
Diethylene glycol	620	98.5	+	12	yes	U.S.
Glycols, n.o.p.	1,680	272.7	+	12	yes	U.S.
Butyl acetate	1,313	195.1	+	10	no	U.S.
Ethyl acetate or acetic ether	1,635	212.7	+	8	no	U.S.
Vinyl acetate, liquid (vinyl monomer)	4,699	760.5	+	7	no	U.S.
Ethers, n.o.p. (from phthalic acid)	3,861	897.7	+	6	yes	Germany
Ethers or esters, n.o.p.	3,557	951.6	+	8	yes	U.S.
Ethylene trichloride	972	96.5	+	7	no	Britain
Acetone	5,249	404.2	+	12	no	U.S.
Methyl-isobutyl-ketone	1,962	293.9	+	7	no	U.S.
Methyl-ethyl-ketone	1,212	168.0	+	7	no	U.S.
Sodium cyanide, white	2,259	366.9	—	5	no	Britain
Sodium cyanide, black	2,424	164.3	—	5	no	U.S.
Sodium glutamate	277	237.6	+	7	no	U.S.
Potassium xanthate	823	168.1	—	5	no	Germany
Sodium xanthate	480	97.2	+	5	no	U.S.
Organo-metallic salts, n.o.p.	1,441	617.2	+	20	no	U.S.
Vinyl benzene	7,520	961.4	—	4	yes	U.S.
Urea	22,869	1,208.6	+	4	yes	U.S.
Naphthol	282	113.9	—	5	no	Germany
Salts derived from cellulose	18,832	5,953.3	+	5	no	U.S.
Organic salts, n.o.p.	627	419.9	—	15	no	U.S.
Rennet extract	48	125.1	—	10	no	U.S.
Liver extract	26	134.5	+	7	no	Germany
Hormones, natural or synthetic	15	1,617.7	+	7	no	U.S.
Pyrodoxine hydrochloride (Vitamin B6)	2	87.2	+	3	no	U.S.
Vitamin A	59	308.9	+	3	no	U.S.
Vitamin B12	18	509.9	+	3	no	U.S.
Lactose or milk sugar	1,483	166.0	+	40	no	Netherlands
Benzene or benzol	4,992	254.6	+	5	yes	U.S.
Toluene or toluol (methylbenzene)	27,821	1,201.2	+	4	yes	U.S.
Xylol or xylene	4,567	229.9	—	4	yes	U.S.

- Domestic production is growing and diversifying rapidly, especially in petrochemicals.

- Apart from the basic petrochemicals, which are being developed by the government-controlled PEMEX, many of the local producers are subsidiaries or affiliates of United States firms which, in turn, often have Canadian operations.

- Canadian companies that are selling to U.S. and European subsidiaries in Canada and to firms in the United States should investigate the Mexican market for similar products.

- Although a local agent may not be necessary when there are only one or two large customers, some form of representation should be considered when the product has a wider application.

- Even when no market exists for made-in-Canada products, Canadian manufacturers should investigate the possibilities for process licensing and the sale of knowhow.

Canadian chemical manufacturers who wish to obtain further information on the Mexican market for their products should direct their inquiries to the Chemicals Division of the Department of Trade and Commerce in Ottawa, or to the Commercial Division of the Canadian Embassy in Mexico. ●

Ireland Expands Textile Industry

Diversity of textile products results from government grants and protection of domestic producers; sales to this market limited to low- and medium-quality goods of attractive design and some higher priced lines. Canadian goods benefit from duty preference.

G. SHERA, *Office of the Commercial Secretary, Dublin.*

IRELAND is establishing a textile industry capable of producing a wide variety of goods. It is estimated that there are between 15 and 20 factories now engaged in the combing, spinning, dyeing and processing of woollen and worsted yarns, cotton yarns, spun rayon and nylon yarns, for both the weaving and knitting industry.

Domestic Production

Many of these plants have been established in co-operation with the Government's drive to absorb the surplus labour force. Substantial government grants and import restrictions in the form of high protective tariffs and import quotas are being used to promote this industry. Most of the new plants are equipped with modern machinery but some of the older ones, principally those doing weaving, still use old methods and equipment.

This country is expected eventually to become self-sufficient in all types of textile piecegoods and yarns. Even now, practically all types of plain woven and plain dyed cotton, synthetic, woollen and worsted piecegoods are turned out. In addition, jute printed cotton, printed synthetic and bleached linen piecegoods; cotton, synthetic fibre, wool and worsted yarns; blankets, towels, rugs, and bedspreads, etc., are produced in substantial quantities. Coloured woven cotton, coloured woven rayon, jute, cotton, and woollen carpets and carpeting are made in more limited ranges.

Items Not Produced

The following list shows textiles either not produced or produced in insufficient quantities to meet local demand: cotton baby blankets, showerproofed cotton poplins, rubberized textile piecegoods, quilted fabrics, printed tablecloths, printed bedspreads, certain embroidered fabrics, fancy woven cotton fabrics, jacquard woven rayons, synthetic fabrics containing fancy yarns, corduroys, velvets, umbrella cloth, bedford cord, piqués, pile fabrics, combined cloths, slipper cloth, lamé cloth or other metal yarn cloth, chenille cloth, bouclé cloth and holland blind cloth.

Custom Duties and Quotas

Certain woven piecegoods (not printed) are admitted only under quota. For the period December 1, 1959, to November 30, 1960, this quota has been set at 2,700,000 square yards and is the same as that for the previous twelve months.

For printed cotton piecegoods, a special import licence is issued on a three to one basis (i.e., three yards of imported material for each one

CHIEF TEXTILE RAW MATERIALS IMPORTED—1958

Imports	Principal Suppliers	('000 £)	Total ('000 £)
Synthetic fibres (staple length for spinning)	United Kingdom	143	188
	Canada	34	
Yarns of wool or hair-woollen hosiery	United Kingdom	44	49
Yarns of wool or hair-weaving	United Kingdom	377	383
Yarns of wool or hair-handknitting	United Kingdom	99	100
Synthetic fibre (yarns and thread) nylon	United Kingdom	28	50
	United States	15	
Nylon (continuous filament)	United Kingdom	609	731
	France	43	
	Switzerland	42	
Rayon (continuous filament)	United Kingdom	351	443
	Netherlands	40	
	Sweden	20	
	Canada	2	
Cotton piecegoods, printed, etc.	United Kingdom	76	109
	Japan	23	
Bleached or dyed poplin	Japan	231	351
	United Kingdom	113	
Dress cloth	Japan	356	1,026
	United Kingdom	331	
	United States	142	
Furnishing and upholstery materials	United Kingdom	164	323
	Netherlands	29	
	Belgium	16	
Rayon dress materials	Japan	118	297
	United Kingdom	71	
	West Germany	38	

yard of local manufacture used), with a 10 per cent ad valorem duty levied on imports not of Canadian or United Kingdom manufacture. Without special licence, imports of printed cotton piecegoods are subject to an ad valorem import duty of 1/8d. per square yard, or 33⅓ per cent, whichever is greater, from Canada and the United Kingdom; all other countries pay 2/6d. per square yard, or 50 per cent, whichever is greater.

Furnishing fabrics may be imported under licence on the three to one basis with 10 per cent duty levied on all imports except those from Canada and the United Kingdom. Without special licence the duty is 33⅓ per cent ad valorem for Canada and the United Kingdom and 50 per cent ad valorem for all other countries. Synthetic piecegoods and union piecegoods containing less than 60 per cent cotton pay the same import duties as printed cotton piecegoods.

Woollen, worsted and synthetic piecegoods, if exceeding 4½ oz. per square yard in weight and unprinted, are duty free but require an import licence.

Method of Sale

The bulk of textile imports are sold through resident commission agents who book orders on behalf of their principals. Goods are shipped directly to customers. In isolated cases, foreign mill representatives call on local purchasers but this method is not popular with the trade. The commission paid varies with the particular line and is a matter of prior agreement between both parties. Quotations should be made in sterling, c.i.f. Irish ports, and should include delivery dates.

Sale Prospects

Because Canada has a duty preference, prospects for textile piecegoods are promising, provided attractive designs and good variety can be offered at competitive prices. Low to medium quality goods are most needed in this market. Better quality goods have a limited sale, although the demand is growing. There are also certain facilities available for the free import of wearing apparel if it is intended for further finishing or processing and subsequent re-export.

Help for the Business Traveller

The businessman travelling abroad will often find that Canadian Trade Commissioners can do much to make his trip pleasant and profitable—provided that they have advance notice of the date of the visitor's arrival, his main interests, and his itinerary. Too often Canadian businessmen fail to take advantage of a Trade Commissioner's help by dropping in on him without warning.

If you are travelling abroad on business and think the Trade Commissioner might assist you, you should give early notice of your trip to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and say whether you would like the Trade Commissioners in the countries you will visit to collect information in advance of your arrival, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation. If you are planning to initiate new business, it may be helpful to forward samples and descriptions of your products so that the Trade Commissioner will have a chance to make a market survey beforehand.

Our Tokyo office explains the unique rôle that export-import houses play in carrying on Japan's foreign trade, and why Canadian exporters should be aware of the services they offer.

How Japanese Trading Companies Operate

N. W. BOYD, *Assistant Commercial Secretary, Tokyo.*

THE rôle assumed by trading companies in the promotion of Japan's international trade is vitally important and probably unique. It is estimated that these companies handle over 80 per cent of the country's trade, both export and import. Because they buy or sell through these companies, Canadian exporters frequently have little direct contact with the end-users of their products or with the manufacturers whose goods they purchase.

There are literally hundreds of these trading companies, both large and small. Some specialize in handling a relatively restricted group of commodities, such as foodstuffs, textiles or metals. The large trading organizations, however, resemble general merchants who handle a diverse range of products; they maintain a worldwide network of agencies and branches. The top eleven trading companies in the 1959-60 fiscal year carried on domestic and international business valued at over $30 billion, 30 per cent greater than in the previous year.

Postwar Changes

Before the war, both foreign trade and domestic commerce in Japan were controlled to a large extent by a number of "Zaibatsu", or family combines. Two of these Zaibatsu predominated; one of them handled 20 per cent of Japan's prewar international trade and 40 per cent of her domestic business. The larger the trading company, the greater the range of products handled. Cotton, however, played a particularly important part in the development of these companies, especially in the Osaka area. The leading ones were financed to some extent from their own resources and had great influence in the business community.

When the war ended, about 42 Zaibatsu holding companies were dissolved and in 1947 the two giants were completely liquidated. This decentralization enabled the smaller trading companies to strengthen and diversify their operations. Some of the so-called cotton traders in Osaka were particularly successful in this way and established trading connections with manufacturers in different sectors of the economy. At the same time, the shortage of foreign exchange encouraged barter transactions and exporters of textile goods were often obliged to import in exchange foodstuffs and machinery and other commodities.

Operations Diversified

Other factors favouring the diversification of the operations of trading companies since the war have been the change in the composition of exports and imports and the emphasis on new trading areas. Before the war, over half of Japan's exports consisted of textile goods. This has decreased to 30 per cent and exports of iron and steel products and machinery have increased correspondingly. Consequently, trading companies that were able to specialize in textiles before the war are now obliged to handle an ever-increasing variety of export products. The pattern of import trade has undergone a similar change; there is less emphasis on textile raw materials and more on machinery and mineral fuels.

The change in export markets and sources of supply has also been a factor in the postwar transformation of Japanese trading companies. Before the war China was Japan's best customer and an important source of raw materials for Japanese industry. The sharp postwar contraction of the China trade has forced Japanese companies to seek new markets and sources of supply, particularly in North America, and to broaden their trading interests.

In addition to building up their business by providing the customary services performed by most international trading companies with a worldwide network of branches and agencies, Japanese trading companies have developed to their present importance through their strong financial position in a capital-short nation. Before the war, they were able to undertake financing from their own resources. Because of losses during the war, they now depend more upon banking institutions for assistance. Nevertheless, with their substantial volume of sales, trading companies as a general rule have more financial power than most manufacturers. Indeed the banking institutions appear to be more inclined to give backing to trading companies and there has been some criticism of their "overlending" to this section of the business community.

The traders are active in market research and design and provide advice on costs. Their personnel know foreign languages and customs, often through personal experience abroad. They are proficient in handling the documentary requirements of foreign trade.

Because of their strong distribution networks in both the domestic and overseas markets, trading firms act as central supply systems, purchasing from manufacturers and supplying the wholesalers. At the same time, a large proportion of the Japanese manufacturers' raw materials is received through the trading companies. The relationship between the customer and the trading company varies. In one case, 30 per cent of the total volume of transactions of one trading company results from business with related or affiliated manufacturers.

Concentration of Power

For some time there has been a trend toward a concentration of economic power reminiscent of prewar Japan. The two trading companies of "Zaibatsu" extraction that were reorganized into several smaller establishments at the conclusion of the war have regrouped. They are once again the two largest traders in Japan, although they have not regained their prewar importance in either relative or absolute terms. The former "textile traders" have continued to consolidate their interests in non-textile lines, mainly through group affiliations. These developments have been facilitated by the strong financial position of the trading companies and their investment policies and credit extensions. To illustrate the progress that has been made, investments and loans by the top eleven Japanese trading companies, which stood at $40 million in September 1956, totalled $120 million in March 1960. The most common form of company affiliation has been the acquisition of control through purchase or exchange of stock. Sometimes the manufacturer has taken the initiative to strengthen his distribution system. The development of group affiliations has not been confined to a relationship between a trading company and manufacturers. Because of the growing dependence on banking institutions for financial help, the ties between specific trading firms and individual banks have become increasingly apparent. The trading company may be the largest individual borrower from the affiliated bank.

The recent move toward liberalization of trade and exchange by Japan is providing an impetus to this strengthening of affiliations by the Japanese trading companies. The traders who are likely to derive the most benefit from liberalization of trade and exchange are those with sound and adequate financing, strong distribution networks both at home and abroad, and (perhaps above all) a well-balanced business in terms of domestic and foreign transactions and the capacity to handle a wide variety of goods.

Canadian exporters who would like more information about trading companies and suggestions on how to approach them should write to the Commercial Counsellor at the Canadian Embassy in Tokyo. •

Brazil Exports Carnauba Wax

VEGETABLE waxes are one of Brazil's natural riches and an important continuing, although declining, source of foreign exchange. Carnauba wax, by far the most important of these, is a significant factor in the economies of the states of Piauí, Ceará and Rio Grande do Norte, the semi-arid region in the northeast where the carnauba palm abounds.

The carnauba palm takes from eight to ten years to reach the productive stage, and thereafter gives two yields a year. At maturity each tree provides an average of approximately 200 grams of wax a year. It takes 5,000 trees to produce one ton of wax. This low yield, combined with the long period from planting to maturity, discourages any large capital investment in systematic cultivation. The wax accumulates on the leaves of the palm and is extracted by a process in which the leaves are dried and then beaten. The wax shakes off as a powder. This rudimentary method results in a loss of approximately 60 per cent of the palm's total yield, it is estimated. Carnauba wax is used mainly in the manufacture of candles, polishes, coloured waxed paper, varnishes, phonograph records, electric cable linings and tailor's chalk.

The production and export of wax is essential if the present income level of the northeastern states of Brazil is to be maintained, but there has been a gradual trend toward lower output. Remuneration to the producer is small and in the last ten years, although the actual value of vegetable waxes has doubled, a drop in prices in comparison with cost-of-living indices has resulted in a reduction of 65 per cent per ton in returns to the domestic producer.

In 1959 Brazil exported 9,800 metric tons of carnauba wax valued at U.S.$15.7 million, as compared with a yearly average of 11,500 metric tons valued at approximately U.S.$18 million over the past twenty years. The principal markets for this commodity are the United States, which purchases about 70 per cent of total exports, followed by Germany, France, the U.K. and the Netherlands.

I. W. F. GRAHAM,
Office of the Commercial Counsellor,
Rio de Janeiro.

Egypt Plans Industrial Expansion

Second Five Year Plan, begun last July, will see nearly £1,700 million invested, mainly in building up industry. Chances of Canadian participation in the mooted projects appear limited.

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

THE Second Five-Year Plan for the Egyptian Region of the United Arab Republic was inaugurated last July by Vice President Abdul Latif el Boghdady, the Minister of Planning.

This Second Plan is designed to meet many Egyptian needs of which the Government is extremely conscious. Its short-range objective is to assist in realizing the Government's goal of doubling national income in ten years. In 1959, this stood at an estimated E£1,300 million; by 1965, it is expected to reach E£1,800 million—a rise of 40 per cent. But because the population is expected to increase in the next five years from 25.4 to 28.4 million, per capita income will rise only 28 per cent—from E£50 to E£64.

In addition to raising income and providing new opportunities for employment—important in a country with serious under-employment and a population expanding by 600,000 every year—the implementation of the Plan should mean a net saving of E£151 million in foreign exchange. This will be achieved by boosting exports and by replacing imports with locally made products. Egypt will become the most industrialized Middle East country.

How Money Will Be Spent

The Second Five-Year Plan envisages a capital investment of E£1,697 million over the five years. How is this money to be used? The table below shows that the largest share will go to manufacturing, even when electricity, mining, petroleum, storage and transportation are excluded. In second place comes agricultural development.

Industrial Development Stressed

The plan for industrial development comprises more than 370 projects calling for an investment of E£401 million and providing employment for 190,000 workers. The value of gross production will increase as a result of these projects by more than 50 per cent, to E£1,210 million.

- Food, drink and tobacco, currently the largest section, will have 70 new factories, to raise output by 30 per cent to E£640 million.

DISTRIBUTION OF INVESTMENT

	(millions of E£)
Irrigation, drainage, reclamation and the Aswan High Dam	392
Industry	401
Food, drink and tobacco	105.2
Chemicals, medicines	88.8
Textiles	47
Engineering	62
Metals	50
Electricity	139.5
Mining, including petroleum	28.2
Transport and storage	180.9
Railways	100
Roads	20
Internal navigation	6.7
Pipelines	3
Merchant marine	8
Ports and harbours	7.3
Air transport	4.5
Telephones and radio	21.7
Grain storage	6
Refrigeration storage	1
Petroleum storage	2.7
Other	55.9
Suez Canal	35
Housing	174.6
Public utilities	48.8
Public service (education, health, etc.)	111

- The textile industry, based on high-quality Egyptian cotton, has a natural advantage. Some 78 projects are planned, to increase production by 55 per cent.
- Chemicals and medicines are slated to have the largest number of projects—90. Production in this field has increased from E£27 million to E£61 million in the last eight years, largely because of new nitrogen fertilizer plants, and the new plan calls for a doubling of production by 1965.
- The basic metal industry, led by the new iron and steel plant, will have the largest increase in value of production—from E£18.8 million to E£124.4 million.
- The engineering industries are to receive E£62 million of new in-

LOANS AND CREDIT FACILITIES

	(millions of E£)
World Bank	20
U.S.S.R., for industrial purposes	61
U.S.S.R., for the two stages of the High Dam	130
West Germany	44
East Germany	7.5
Japan	10.5
Yugoslavia	3.5
Italy	16
Czechoslovakia	7
United States	
Development Loan Fund	5
Export-Import Bank	6.1
Loans in local currency, especially proceeds of sale of U.S. surplus agricultural products	30.5
Other countries	12

vestment to boost production by 20 per cent.

Financing the Plan

It is expected that most of the capital required can be raised locally without resorting to inflationary methods. However, foreign loans and credits will be needed to finance the foreign exchange cost. The expected sources of this foreign capital are listed in the table on page 16.

Of the E£355 million detailed in the table of credit facilities already made available to Egypt, E£242 million is so far uncommitted. Assuming a ratio for foreign to local currency of two to three, Egypt will need at least a further E£400 million in foreign exchange. Domestic exchange resources are expected to provide E£120 million and the remainder will have to come from new foreign credits.

Canadian Participation

What are the opportunities for Canadian firms to participate in the Second Five Year Industrial Plan? In the First Plan—which began in 1957 and was later shortened to three years—Canadian activity was confined to the supply of a few raw materials for existing industries—such as asbestos, rayon pulp, nylon tire fabric, cobalt and aluminum—and to consulting engineering services in the pulp and paper field. Although the authorities usually put the supply of complete projects and related needs out to international tender, countries who offer long-term credits and other favourable financial terms receive a preference.

In investment, the Government favours first its own public (i.e., state) capital; second, domestic private capital; third, foreign loans and credits by government and official institutions, and fourth, foreign private capital "so long as it wants to receive the benefits provided by the U.A.R.", to quote the Minister of Economy. In the light of this, opportunities for Canadian exporters to supply goods on cash or short-term credit appear limited. ●

Paints and Varnishes

The Market in Indonesia

Little opportunity here for Canadians; paints not widely used and only two types may be imported.

M. B. BLACKWOOD, *Commercial Secretary, Djakarta.*

ONLY spray paints for motor vehicles and paint for ships' hulls may be imported into Indonesia. Import restrictions have been imposed on other kinds to protect the domestic industry and to save foreign exchange. Another factor limiting this market is that very few buildings are made of wood, mainly because of the tropical climate and the ravages of termites and other insects. Most of the larger houses, business and public buildings are built of brick and concrete, with an exterior finish of plaster which is whitewashed. Interior walls are plaster, usually decorated with a non-washable calcimine type of paint. Oil-based paints, enamels and varnishes are used only for exterior and interior trim.

Although there are some 30 paint factories in Indonesia, over 70 per cent of total production is accounted for by about six firms. The volume of paint produced is small in comparison with Indonesia's 85 million population—approximately 18,000 metric tons a year. All raw materials must be imported. The end product in most cases is of inferior quality but sells readily in this unsophisticated market.

Raw materials for paint manufacture as well as those types of paints which may be imported are subject to import licensing. The rate of duty on paints is 20 per cent and in addition there is a 25 per cent import surcharge on the duty-paid value.

Indonesia's import restrictions apply equally to dollar countries and other currency areas. Price is the main factor which determines whether or not a licence will be granted. For brands of paint not already known in this market, samples must usually be submitted for testing purposes. Because the types which may be imported are extremely limited, Indonesia offers only a small market for paints, and export prospects for Canadian firms are not encouraging. ●

INDONESIA'S IMPORTS OF PAINTS

Country of Origin	1958 (metric tons)	1958 (rupiahs)	1959 (metric tons)	1959 (rupiahs)
Japan			105	607,545
United States	63	395,404	95	610,371
Netherlands	44	315,997		
United Kingdom	10	81,563	34	315,551
Communist China	21	75,161	31	116,994
West Germany	21	154,774	23	143,137
Australia			22	144,712
Switzerland	4	59,859		
Others	14	78,541	5	49,208
Total	177	1,161,299	315	1,987,518

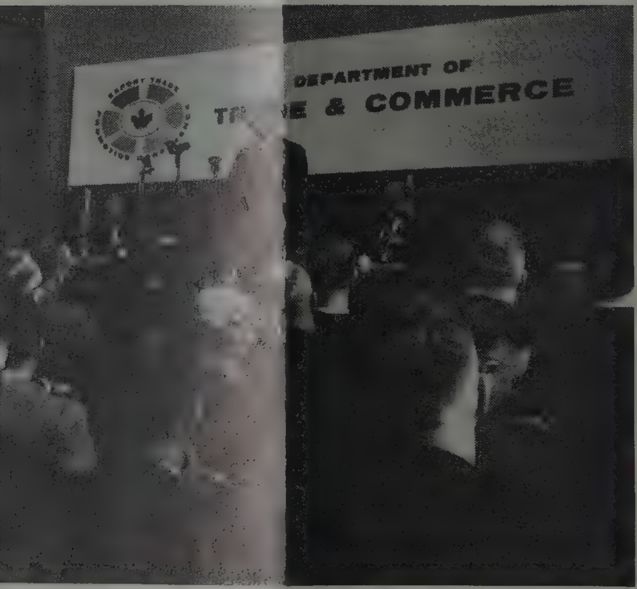
Source: Bureau of Statistics, Djakarta

Note: For statistical purposes the rate of exchange in 1958 and 1959 was U.S.$1.00=Rps.11.40.

TRADE AND COMMERC
TO SPARK AN

EXPORT trade possibilities, promotion and problems—these were the subjects of discussion when businessman and Trade Commissioner faced each other across a desk in Ottawa during the Export Trade Promotion Conference. For ten working days—from Monday, December 5, to Saturday, December 17—about 1,000 interviews a day took place in No. 1 Temporary Building, borrowed for the occasion. Altogether some 1,285 firms applied for interviews not with one Trade Commissioner alone but with an average of eight. Many companies sent more than one representative; one Toronto firm dispatched twelve. The majority came, naturally, from Ontario and Quebec, with their large number of industries, but some 4 per cent arrived from western Canada and 2.6 per cent from the Atlantic Provinces.

In what areas were these businessmen most interested? Actually, from Albania to Venezuela, there was scarcely any country in which they were *not* interested. First and second in order of preference were two in which the relaxing of import restrictions has widened sales opportunities—the United Kingdom and Australia. Then came one that is changing rapidly these days—Cuba. South Africa, Latin America, India, New Zealand, the West Indies, Europe, Ghana and Nigeria, the United States—Trade Commissioners from all these had their days filled, with up to 20 appointments each. Their colleagues were almost as busy.



p) Trade Commissioners from near and distant posts con-
ged on Ottawa throughout the day (and the evening) before
export conference began. This group from the Far East
just landed at Uplands Airport. Left to right: M. B. Black-
od, Indonesia; M. P. Carson, Singapore; C. M. Forsyth-
ith and D. J. McEachran, both of Hong Kong, and E. H.
guire, Singapore.

nes A. Roberts, Deputy Minister, giving the opening speech,
led the 100 or more Trade Commissioners present "Canada's
t-line offensive team in winning markets abroad". On the
of the picture is B. C. Butler, Minister (Commercial) in
ndon, who later spoke on behalf of his colleagues, and on
right H. Leslie Brown, Assistant Deputy Minister (external
de promotion) and director of the T. C. Service.

ght) Before the dinner given by the Hon. George Hees,
nister of Trade and Commerce, for businessmen, Trade
mmissioners, and senior Department officials, Mr. Hees
ht) and Prime Minister Diefenbaker, guest of honour and
aker, chatted with J. A. Ronson, London, and Stephen
ner, Ajax.

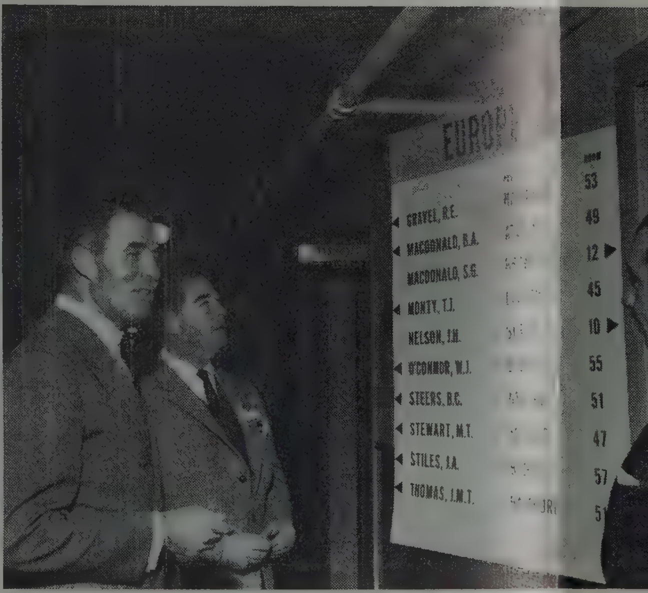
E MEETS BUSINESSMEN
EXPORT DRIVE

EXPORT TRADE
PROMOTION CONF NCE
CONFERENCE POUR XPANSIO
DU COMMERCE D ORTATIO

One businessman emerged from his first three interviews to report that he already could see $10,000 worth of new business as a result. Another was on the way to solving a labelling problem that had impeded his sales to the United States. A third who had never exported before was able to pinpoint the countries in which he could launch a sales campaign with the greatest hope of success. Some 20 per cent of the visitors were new exporters, keen to get started in this field.

Originally the conference attracted the attention mainly of export managers. But as news of it spread and the idea caught fire, more and more presidents, vice-presidents and general sales managers joined in the trek to Ottawa. The result: a new awareness among top management in Canada of the importance of export trade.

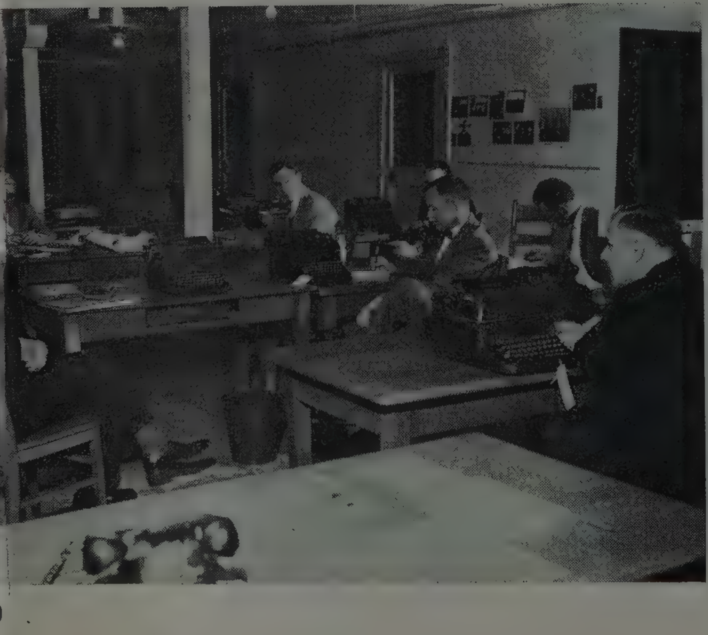
Before the businessmen arrived and while a staff of forty Trade and Commerce employees were working three shifts a day to complete arrangements, the 111 Trade Commissioners called to Ottawa from their posts abroad held private sessions with the Minister and senior officers of the Department. Together they devoted four days to reviewing trade programs, policies and practices, and to exchanging ideas on the more efficient carrying-out of their challenging assignment—increasing Canada's export trade in a competitive world.

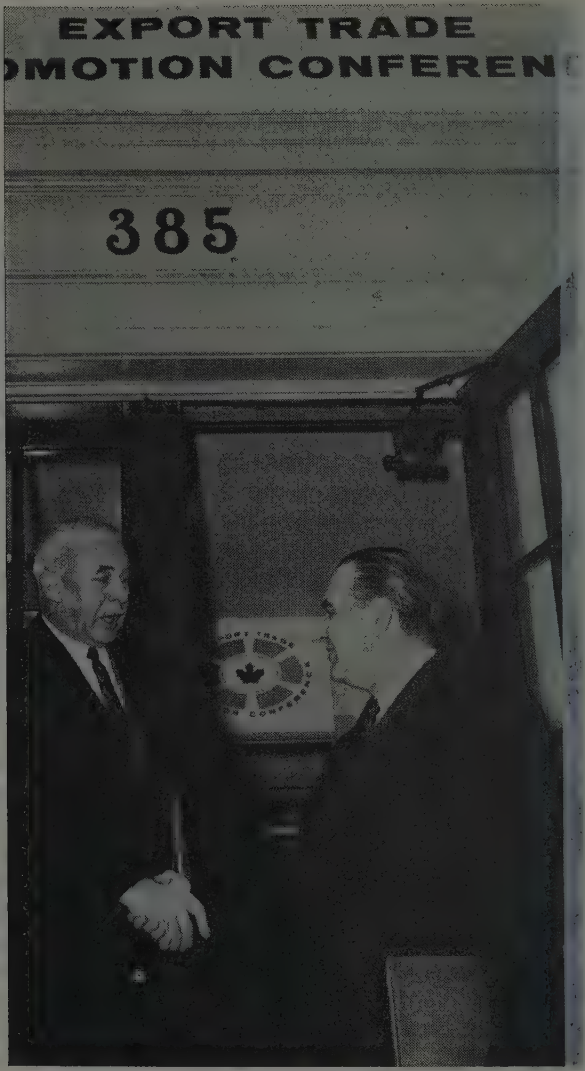

EUROP
GRAVEL, R.E.
MACDONALD, B.A.
MACDONALD, S.G.
MONTY, T.J.
NELSON, I.H.
O'CONNOR, W.J.
STEERS, B.C.
STEWART, M.T.
STILES, J.A.
THOMAS, J.M.T.
53
49
12
45
10
55
51
47
57

(Top) D. G. Joss (left), vice-president and general manag
Black Diamond Cheese, and A. C. Carlaw, director and gener
sales manager, Dominion Oilcloth & Linoleum, were the fi
two businessmen to arrive for interviews with the Trade Co
missioners. They received an exuberant greeting from Tra
Minister Hees at the entrance to conference headquarters.

Grouping of Trade Commissioners by geographical areas, pla
of the building, and effective signs helped visitors to find th
way speedily from one interview to another. Here Mr. He
explains the system to H. J. Adelman (centre), general sa
manager, and E. S. Lindo, assistant to the vice-president,
the Reliable Toy Company, Ltd., of Toronto.

(Left) Over 1,000 interviews a day between Trade Comm
sioners and businessmen took place in the well-worn surroun
ings of No. 1 Building. Here D. J. McEachran, assistant tra
commissioner in Hong Kong, talks with S. J. Randall (centr
president and managing director, General Steel Wares, Toron
and with Gage Campbell of the same firm.





(Top left) The Trade and Commerce "high comman photographed in the foyer of the Supreme Court Buil ing. (Left to right) Hon. George Hees, Minister; James Roberts, Deputy Minister; H. Leslie Brown, Der Harvey and B. G. Barrow, Assistant Deputy Ministe Absent is J. H. Warren, Assistant Deputy, on du at the GATT Conference in Geneva.

(Centre) During a conference break, Deputy Minist Roberts (left) and T. R. G. Fletcher, who becomes Ac ing Director of the Trade Commissioner Service January 1, exchange views with two Trade Commi sioners—L. D. Burke, serving in Sydney, Australia, Harry J. Horne, in Chicago.

(Bottom left) Theo J. Monty, Commercial Counsellor Lisbon, is interviewed by reporters during the conferen on market for Canadian products in Portugal.

(Top right) Businessmen flocked to the conference fro every part of Canada. Here John H. Haylock, (lef president and managing director of Atlantic Trade Limited, Halifax, greets R. H. Edgett, assistant sal manager, Seaboard Lumber Sales Co. Ltd., Vancouve

Any Jewellery for Export?

Here's how to capitalize on changing British tastes in costume jewellery.

S. G. HARRIS, *Assistant Commercial Secretary, London.*

IN the increasingly affluent British society, the jewellery trade is a fast-moving, expanding business. The traditional conservative British designs, though still popular, are slowly giving way to newer, more North American fashions. This, plus the removal of dollar import restrictions, is making for a brisk transatlantic trade.

This trend was evident at the recent *Sixth International Watch and Jewellery Fair* which took place at Olympia in September. It was the first time the fair had been held since the liberalization of import licensing restrictions on November 9, 1959, and it was well attended by interested members of the trade. Although the fair was international, foreign firms were represented largely through their English agents and distributors.

Interest in Costume Jewellery

Swiss and German watches and clocks and their English counterparts were shown in large exhibits, together with much expensive gold jewellery and silver flatware and tableware. Of more interest to Canadians, however, were the cheaper costume-jewellery lines. The new vogue in expensive jewellery (pearls and coloured stones set in gold mounts, with a slightly Victorian flavour) was reflected in the cheaper lines—rolled gold and gilt brooches and bracelets. Agents for U.S. and Canadian firms reported that their costume jewellery was selling well and that their quality and prices—plus the smart styling in brooches, necklaces and bracelets—made them competitive with British and European offerings.

Tariff Advantage for Canada

Other interesting items of North American manufacture were metal cufflinks of the familiar one-piece, swivel-ended variety so common with us but relatively novel in the United Kingdom. Although German and Austrian firms presented similar styles, agents reported that North American cufflinks were very popular. Many of these originated in the United States, but metal bracelets, necklaces and cufflinks of almost identical designs are also made in Canada and Canadian producers might well try to win a larger share of this lucrative market. It is important to note that Canadian goods enjoy a 25 per cent tariff advantage over similar non-Commonwealth products.

The marketing channels in costume jewellery in the United Kingdom are well organized, with manufacturers and importing agents selling in large quantities to wholesalers, who in turn approach the retail trade. Through their salesmen, the wholesalers parcel out large orders in small quantities to individual shops. The exceptionally few manufacturers with their own branded lines maintain salesmen selling direct to the retail trade, and a few chain and department stores buy direct from the wholesalers or importers. The bulk of business, however, is channelled through wholesalers centered principally in London and Birmingham.

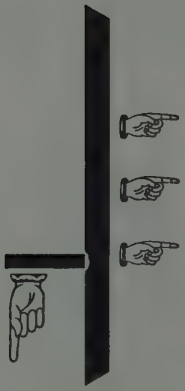
British wholesalers normally take a 33⅓ per cent commission but this may be as low as 20 to 25 per cent on popular fast-moving lines. There is also a government purchase tax of 25 per cent on the wholesale price and the retailer may be expected to mark up this price by anywhere from 75 to 100 per cent or more.

The Wholesalers Suggest . . .

The costume jewellery exhibitors at the Watch and Jewellery Fair were chiefly wholesalers, all of whom carried dozens of lines covering the whole range of costume jewellery. Some of the wholesalers who handled Canadian and U.S. lines complained that they were unable to obtain continuing supplies for repeat orders and that the importing distributors were not stocking goods but merely acting as commission agents while taking distributors' commissions. Several wholesalers commented that they would be much happier about handling North American lines if they could be assured of prompt deliveries from a British-based distributor, at reasonable prices. Fashions are very fickle, they explained, and public taste in jewellery not only changes from year to year, but from season to season and month to month. Delivery dates of six weeks and more can be ruinous to a dealer who is varying his merchandise continually to present new and interesting lines. They suggest that perhaps several Canadian firms could co-operate in setting up a central showroom and distribution centre in the United Kingdom, which would overcome recent difficulties and offer prompt service to meet market demand. This suggestion some Canadian firms might like to consider more closely.

Fair at Blackpool

In February, a larger show, the *12th International Gifts and Fancy Goods Fair,* will be held in Blackpool. This fair is said to be the biggest costume jewellery show in the world and already 1,200 exhibitors, many from overseas, have booked 300,000 square feet of space. This is a vertical fair covering everything in the gift and jewellery line and is expected to attract 30,000 buyers (the public is not admitted). It should give a clear indication of how well costume jewellery imports are progressing in the expanding United Kingdom market. Anyone interested in this or the Watch and Jewellery Fair, or in making further inquiries into the United Kingdom market, should get in touch with the Minister (Commercial), Office of the High Commissioner for Canada, Canada House, London, S.W. 1, or the Commodities Branch, Department of Trade and Commerce, Ottawa. ●



Advertising Abroad

In Lebanon, cinema slides and filmlets are a valuable and popular medium and reach most income groups. Up-to-date agencies can handle campaigns of all the usual types.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

THROUGH the centuries, from the Phoenicians to the present, the Lebanese have been known as traders without peer and naturally they have not overlooked the value of advertising. The growth of the Lebanese advertising industry has been accelerated by the fierce competition in this free but limited market. To sell in Lebanon, a foreign manufacturer must be prepared to meet competition from all over the world. He must use every means at his disposal to launch his product or to hold and better his position. He must therefore be prepared to employ advertising extensively.

All types of advertising facilities are available in Lebanon and the many local companies are equipped to give the advertiser the coverage he wants in all the usual media—newspapers, magazines, cinema, television, and outdoor advertising that includes posters, board signs, and even lumitext. The exception is radio: the network is government-owned and advertising is not allowed.

The Media

● *Newspapers*—A large number of newspapers are published in Lebanon. The majority are printed in Arabic but there are also French, English and Armenian papers. The advertiser who decides to use this medium must be guided by an advertising agency. The agency knows the circulation of each newspaper and which ones are read by the income group to which he is directing his sales pitch. It is not the practice here for agencies to contract on a long-term basis for specific space in newspapers, although it has been done in some cases. The agency negotiates for space on behalf of the client as occasion demands. Most of the leading papers have eight pages and the average rate is 35 cents (U.S.) per centimeter column. There is one financial paper published biweekly, and it carries rather selective advertising.

● *Magazines*—A few good magazines are printed in Arabic, French and English. The average rate for advertising in these is about 35 to

40 cents per centimeter column; a full page, black and white, costs $58 to $60, and a full page, four-colour, $120.

- *Cinema*—Cinema advertising is very popular with the Lebanese. Slides are used extensively but short filmlets of 20 to 22 feet, which have the great advantage of animation, are becoming common. The screening time for a filmlet is twice that of a slide, which takes seven seconds. Unlike North American theatres where showings are continuous, Lebanese cinemas have three showings daily, at three, six and nine o'clock. Filmlets are usually shown with the news and slides are projected during the intermission.

Cinema advertising has become so popular that the advertising agencies have made a complete study of its use and of the rates prevailing in the different regions of the country. These rates vary with the region and the frequency of projection and it is therefore difficult to give representative cost figures.

Slides can be produced in Lebanon but local production of filmlets is poor and agents import them from abroad. If necessary, a short trailer giving the name of the local agent is added. All slides and films must be translated into Arabic or at least carry Arabic subtitles.

Any advertiser preparing a campaign in Lebanon should include this valuable medium and should discuss with his agency the percentage of his budget to be allotted to cinema advertising.

- *Television*—Towards the end of the summer of 1959, television broadcasting began in Lebanon. At present only one station is operating and its programs last from seven to ten p.m. It broadcasts on two channels, one in Arabic and one in French and English. It is estimated that about 150,000 people watch television every night. By the end of 1960 another TV station will be in operation. It will have a tie-up with one of the largest United States broadcasting companies and it is expected that the competition it will provide will raise the standard of broadcasting.

Until now, all advertising on television has been handled exclusively by one advertising agency that deals only with this medium. The average cost of a one-minute advertisement on TV is approximately $60. Sponsored programs are also used effectively.

- *Outdoor advertising*—This type of advertising is used extensively in the commercial center of Beirut but so far the countryside has not been marred by large billboards as in North America. All types of outdoor signs are used: board signs, neon signs, plexiglas, etc. Beirut prides itself on having a lumitext which at night continually flashes the news and spot advertising to the milling crowds in the Place des Canons, the city's main square. A few of the larger local advertising agencies are equipped to design and produce outdoor signs; they also rent the sites and then offer them to their clients.

Advertising Agencies

There are many agencies operating in Lebanon, but only a few can offer the range of services that a comprehensive campaign requires. Some of the smaller companies could be regarded as space brokers; others specialize in one type of advertising, such as streetcar cards. Four agencies, however, are equipped to offer the advertiser coverage in all media—newspapers, magazines, cinema, television, outdoor and direct mail—as well as market research services. These companies are able to design advertising to suit local tastes, or to translate and adapt foreign material to fit the local market. The larger agencies have correspondents abroad and in some cases have subsidiaries or representatives in many of the other Arab countries. Their charges are in line with accepted practice in North America and are usually 15 per cent.

The Lebanese advertising fraternity has formed an association, the Publicity and Advertising Agents Association, which was sanctioned by a government decree on October 13, 1959. The stated purpose of the association is to organize the Lebanese advertising business in order to safeguard the interests of all concerned—the advertiser, the advertising agency, and the media.

The advertising industry in Lebanon is adequately equipped to look after the needs of advertisers interested in this market and through affiliates can render services in all the countries covered by the Beirut office. Canadian companies exporting or wishing to export to this market should seriously consider advertising as part of their merchandising program. Foreign and local products are advertised widely here and a Canadian producer who wishes to compete must keep his name in the public eye.

Canadian Goods Go to Fête

AN International Fête in London provided proof of the number and variety of Canadian products that have returned to the United Kingdom market, most after an absence of 20 years. The one-day Fête is held every two years to aid the Save the Children Fund of London, and this year 40 countries took stalls and stocked them with their products and foodstuffs. The Canadian booth, organized by the Canadian Women's Club of London, received many donations from British firms that handle Canadian goods and from their Canadian principals. These Canadian products, once more appearing in British shops, included camping and picnic equipment; toys, dolls, plush animals; women's shoes, men's slippers; fountain pens; hand tools; rubber boots; whisky, beer (including bottled), soft drinks; pickles and relishes; drapery material; canned fish, salmon and lobster paste; nuts; canned vegetable and fruit juices, and towel sets. The Fête earned a substantial sum for the Fund.

Commodity Notes

Aluminum

BRAZIL—Aluminum production in Minas Gerais is expected to reach 130,000 tons a year by 1965, well above the official production target of 42,000 tons. Current output is only about 16,000 tons a year.

Estamparia Caravelas of Mogi-das-Cruzes, State of São Paulo, will invest some Cr.$200 million to expand production of aluminum sheet, machinery and accessories for paper factories, and metallic tubes. The plant expects to achieve a daily output of 50 tons of aluminum products by early 1961—São Paulo.

Automotive Shock Absorbers

INDIA—Construction has started at Mulund on a new plant to manufacture automotive shock absorbers, with production slated to begin early in 1961. Initial capacity will be more than 120,000 shock absorbers a year. This is a joint venture with a U.S. company and is typical of one type of foreign investment that has been coming to India increasingly—Bombay.

Briquettes

IRELAND—A new Board na Mona briquette factory has just been opened in Co. Offaly, with a rated output of 100,000 long tons a year. The growing use of this type of fuel is making rapid strides. The uniformity of the product now results in its use in the raising of steam at an economic figure—Dublin.

Fertilizers

BRAZIL—In 1959 Brazil's imports of chemical fertilizers totalled 286,777 tons valued at U.S.$15.5 million. This is considerably lower than in 1958 when imports totalled 426,000 tons valued at U.S.$25.7 million. Leading suppliers were West Germany (calcium nitrate, ammonium sulphate, urea), and the United States (potassium sulphate, potassium chloride, and calcium superphosphates). Other purchases were made from Belgium, East Germany, Chile, Italy, Switzerland and Austria—Rio de Janeiro.

INDIA—Construction will begin soon on a 40,000-ton-a-year superphosphate fertilizer factory in Madras State, to cost about Can.$1.28 million. A new company, Premier Fertilizers Limited, has been formed for this purpose. West German firms are collaborating and will supply machinery, set up the factory and train personnel. The plant will operate on imported sulphur and phosphate rock. There are now 15 factories in India producing superphosphate fertilizers, with a combined capacity of 344,000 metric tons a year—New Delhi.

Graphite Electrodes

SOUTH AFRICA—African Metals Corporation and an overseas company recently signed an agreement to co-operate in the production of graphite electrodes in South Africa. The Union at present imports 2,600 tons of these electrodes each year, ranging in diameter from 4 to 18 inches—Johannesburg.

Gypsum

UNITED STATES—It was announced recently that the Province of Newfoundland and the Flintkote Company have reached an understanding which provides for the acquisition of huge gypsum reserves by the company. Under its terms, Flintkote would have immediate access to some 40 square miles of Newfoundland's gypsum-producing properties at Flat Bay and subsequently to an area of nearly 3,000 square miles. Flintkote intends to supply gypsum and gypsum products to the domestic United States market as well as parts of Canada—New Orleans.

Hides

VENEZUELA—The Ministry of Development will authorize the import of 400,000 hides in one year to fill the requirements of the leather industry—Caracas.

Honey

UNITED STATES—The United States' 1960 honey crop is 6 per cent above the annual production figure for the last six years. It is estimated at 247,523,000 pounds, 2 per cent more than in 1959. The ten leading honey-producing states this year, in order of production, were Minnesota, California, Florida, Wisconsin, New York, Texas, Indiana, Michigan, Ohio and Iowa.

They account for 59 per cent of the nation's honey —Detroit.

Liquor

GHANA—A £400,000 distillery, financed by the Ghana Industrial Development Corporation at Accra, Ghana, came into operation late in 1960. At present imported neutral spirit and local trade spirit are being used to produce gin, schnapps, brandy, whisky and vodka, but the ultimate aim is to use neutral spirit produced from indigenous raw materials, such as sugarcane, maize and millet. A total of 2.4 million bottles of spirit a year, as well as 100 gallons of alcohol a day produced from local trade spirit by means of a small rectifying still, is anticipated—Accra.

Lumber

UNITED STATES—A commission lumber sales organization in Chicago has arranged with a large trucking firm to haul lumber to Chicago from a number of cities in Alberta and British Columbia. The lumber will be loaded in unitized packages and delivered on a drop-ship basis to lumber yards that do not have rail sidings. Although the rate is slightly higher than that charged by the railways, service is often more convenient. Minimum shipments are 30,000 pounds and deliveries are made only to yards in the area served by the trucking firm, since it is a contract carrier—Chicago.

Mercury

ITALY—Exports of Italian mercury during the first six months of 1960 rose appreciably compared with the same period of the previous year. In the current year, exports reached 816.7 tons with a value of about $4.5 million, compared with 412.5 tons valued at $2.4 million for the same period last year—Rome.

Metal Plates and Laminates

BRAZIL—In 1959 Brazilian imports of metal plates and laminates totalled 134,230 tons, worth U.S.$29.1 million, compared with 70,197 tons worth U.S.$18.8 million in 1958. Imports of steel and iron plates—28,000 tons in 1958—increased to 70,000 tons in 1959, or 150 per cent. Leading suppliers were the United States 26,381 tons, West Germany 10,373, and Norway 8,906—Rio de Janeiro.

Paper

SWEDEN—Fiskeby AB, near Norrköping, has recently embarked on the largest single investment ever made in the Swedish paper industry. The $31 million project, scheduled for completion in 1962, includes the building of a new sulphate mill and the installation of two paper machines, one of which will be Europe's biggest sack-paper machine with an output of 65,000 tons a year. After the extension, Fiskeby will have an annual capacity of 200,000 tons of paper and board. The new sulphate mill alone will produce 70,000 tons a year—Stockholm.

Pinewood

BRAZIL—Some 790,000 cubic meters of pine lumber were released for export in 1959 by the Ministry of Agriculture's Rural Economic Service. Exports of this commodity have declined lately because rapid industrialization has increased domestic consumption. The largest importer of Brazilian pine is Argentina, which takes over half of total exports, followed by the United Kingdom which bought 24 per cent in 1959—São Paulo.

Radio Transmitters

INDIA—India's government-owned Bharat Electronics Ltd., Bangalore, will undertake manufacture of medium-wave radio transmitters under an agreement signed recently with Nippon Electric Company. Initially, the Japanese firm will supply 30 transmitters from its own plant but thereafter sets are to be made on a progressive basis. This procedure of linking overseas purchases with schemes for progressive manufacture in India is becoming increasingly common. Bharat Electronics, a rapidly-growing enterprise, already has manufacturing agreements with Marconi and Pye of the United Kingdom and Philips of the Netherlands —New Delhi.

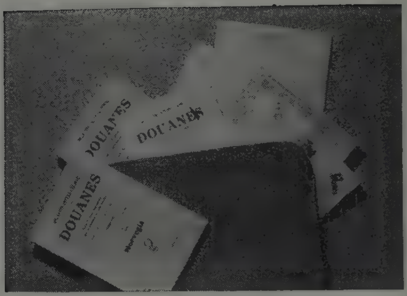
Tobacco, Cigarettes

NEW ZEALAND—Production of tobacco and cigarettes reached a record in 1959-60 with an increase over the previous year of 10.5 per cent, the Government Statistician reports. Output of cigarettes, at 2,653 million, was the highest on record. Production of 5.2 million pounds of prepared tobacco, although not a record, was 3.7 per cent above the previous year. Of the total leaf used, 4.5 million pounds or 38.7 per cent was grown in New Zealand.

Trade figures for 1959 show that only small imports of cigarettes and manufactured tobacco were made. In the previous five years imports of these commodities, particularly cigarettes, were at extremely high levels. Consumption of tobacco in all forms dropped from 4.91 to 4.71 pounds a head during the latest year—Wellington.

Tractors

VENEZUELA—Government officials estimate that the agrarian reform program will create a need for some 2,000 tractors a year in the five-year period beginning 1961. The Government is anxious that the tractors should be assembled in Venezuela—Caracas.



Trade and Tariff Regulations

Communist China

SHIPPING REGULATIONS—Canadian exporters who wish to sell to Communist China will be interested in the regulations on the dispatch of goods and other merchandise.

Service both by parcel post and letter packets is suspended. Regular postal service to Communist China is available for letters, printed matter, commercial papers and samples. Letters and samples must not contain dutiable articles.

The size of printed matter is limited to 3 feet for the combined length, breadth and depth, with the greatest dimension 2 feet. If in the form of a roll, the roll length and twice the diameter must not exceed 3 feet 3 inches, with the greatest dimension 2 feet 8 inches.

The maximum weight for packages containing printed matter is 6 pounds 9 ounces, except for sewn or bound books which may be mailed up to 11 pounds. For commercial papers the weight limit is 4 pounds 6 ounces and for samples 1 pound.

Shipments over the weight and size indicated above must go by express or freight.

Under the export control regulations of Canada administered by the Department of Trade and Commerce, the following goods may be forwarded freely to any country in the world, including Communist China, without an export permit, if they are of Canadian origin: advertising matter, except technical data; books, magazines and periodicals. Such commodities of United States origin may not be exported from Canada without permission.

The above supersedes a similar notice in *Foreign Trade* of November 19, 1960, page 33.

India

IMPORT CONTROLS—The Government of India's import trade control policy, announced for the licensing period October 1, 1960, to March 31, 1961, has been further clarified by a recent declaration of import policy for twelve additional items as follows:

	Import quotas
Surgical instruments, apparatus and appliances	No change in import quotas but the concession of supplementary licence granted last licensing period withdrawn
Machine tools	Reduced from 30 to 20 per cent
Watches	Reduced from 10 to 5 per cent
Photographic negatives and printing paper	Reduced from 33⅓ to 25 per cent
Printing paper	Reduced from 12½ to 7½ per cent
Packing and wrapping paper	Reduced from 7½ to 5 per cent
Filter paper	No change as compared with April-September 1960 quota
Paper, not otherwise specified	No change but the additional licence which was granted last licensing period has been withdrawn
Giant motor, motorcycle, and bicycle tires and tubes and flaps and solid tires	No change but licences will not be valid for import of bicycle tires and tubes
Diamonds unset and imported uncut, excluding bort and industrial diamonds	No import quota
Card clothing and card accessories	No change
Wheeled and crawler tractors up to and including 50 drawbar horsepower	No import quota

Italy

DOLLAR LIBERALIZATION EXTENDED—According to the Commercial Counsellor for Canada, Rome, the Government of Italy has announced a further removal of import restrictions on commodities from dollar countries, effective December 14, 1960.

The new liberalization measures cover a range of items of interest to Canada in the agricultural, chemical, textile, ferrous and non-ferrous metals and machinery, and electrical goods fields.

A list of the commodities liberalized and other details pertaining to trading regulations on exporting to Italy are available from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade announced recently that it has received the following representations respecting the tariff:

Increase in duty on:

1. Electric light galleries

2. Handles for picks, axes, spades, forks, hatchets, hammers, rakes and hoes
3. (a) Match splints
   (b) fusees, vestas or wax matches or other patent lights used as such
4. Knitted outer clothing
5. Small brass nuts, nipples, coupling bushes and parts of electrical light fittings and fixtures
6. Pianos
7. Bleached pulp boards or printers' boards
8. Dog spikes, pickaxes, shovels, spades and agricultural hoes

Reduction in duty on:

1. Ferro-alloys

Rebate in duty on:

1. Brass strip for use in the manufacture of slide fasteners and stringers therefor
2. Chrome leather splits for the manufacture of industrial gloves
3. Composite oxide of chromium and zinc catalyst for use in the production of methanol
4. Certain types of striped blazer cloth for the manufacture of blazers for boys and girls
5. Certain components for the manufacture of brakes, clutches and steering equipment for motor vehicles

Refund of duty on:

1. Main and mizzen mast (of light alloy), rigging, special pre-stressed wire with fittings, terylene rope, sails, fittings; winches; blocks; anchor winch; anchors; anchor windlass; motor; propeller (self-adjusting); steering gears; dinghies (fibreglas and specially constructed to serve in lifeboats); life raft; diesel stove; navigation instruments; wireless equipment; direction finder; depth sounder; speedometers; radar reflector.

Venezuela

TARIFF AND TRADE RESTRICTIONS—The *Venezuelan Official Gazette,* No. 26,409 of November 17, 1960, published an announcement that, effective December 15, the tariff on springs of all classes will be as follows:

Tariff No.	Item	New Tariff
699-29-01	Metal springs of all classes	
699-29-01-1	For beds, mattresses and upholstery	
	(a) springs (filled) for aerated covers or cushions for car seats	Bs.6.00
	(b) unspecified	Bs.1.00
699-29-01-2	For wagons and locomotives	Bs. .10
699-29-01-3	For unspecified vehicles	Bs. .05
699-29-01-4	Unspecified springs	Bs. .05

The *Gazette* also announced that, effective December 15, 1960, all abrasives will be subject to import licensing—Caracas.

CHANGES IN IMPORT LICENSING—The Canadian Commercial Counsellor in Venezuela has reported a number of changes in Venezuelan import licensing regulations which are of interest to Canadian exporters. These are as follows:

The import ratio for powdered milk has been reduced to four kilos for every one kilo purchased locally.

Iron and steel tubes and plywood have been made subject to import licence, but the necessity for maintaining plywood under import licence is to be reviewed every three months.

Licences for assembled automobiles have been restricted to 55 per cent of 1958 imports for the second half of 1960.

Importers of eggs are now required to purchase one locally produced egg for every ten eggs imported.

IMPORT MARKING REGULATIONS—The Canadian Commercial Counsellor in Venezuela reports that as of November 1, 1960, all packages or wrapped articles either produced in Venezuela or exported to Venezuela must have an indelible marking on the package showing the net weight or volume in metric units.

Trade Commissioners on Tour

In Canada

B. HORTH, Assistant Commercial Secretary in The Hague, Netherlands:

Vancouver—Jan. 20-24

When he completes his tour, Mr. Horth will be posted to New Delhi, India, as Assistant Commercial Secretary.

Businessmen who wish to see Mr. Horth should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

In Territory

J. E. MONTGOMERY, Assistant Commercial Secretary in Caracas, Venezuela, will visit Maracay, Valencia, and Puerto Cabello on January 4-5.

G. A. NEWMAN, Commercial Counsellor in New Delhi, India, will visit Calcutta from January 9-13.

W. D. WALLACE, Commercial Counsellor in Caracas, Venezuela, will visit Maracaibo, and Aruba and Curacao in the Netherlands Antilles, from January 9-20.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Montgomery and Mr. Wallace at Caracas, and Mr. Newman at New Delhi.

Foreign Trade Service Abroad

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel:* 33-8237
Australia (Capital Territory New South Wales, Northern Territory Queensland) Dependencies	S. V. Allen Commercial Counsellor for Canada L. D. Burke Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street SYDNEY	*Mail:* P.O. Box 3952 G.P.O. *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	H. A. Gilbert Commercial Counsellor for Canada I. R. Smyth Assistant Commercial Secretary	Mobil Centre 2 City Road SOUTH MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU4716
Australia	R. B. Nickson Commercial Secretary	Office of the High Commissioner for Canada State Circle CANBERRA	*Mail:* (City Address) *Cable:* DOMCAN *Tel.:* U-1304
Austria Bulgaria, Czechoslovakia, Hungary, Romania, Yugoslavia	R. K. Thomson Commercial Counsellor P. A. Freyseng Assistant Commercial Secretary	Opernringhof Opernring 1 VIENNA 1	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 57-25-97
Belgium Luxembourg, European Economic Community, European Atomic Energy Community, European Coal and Steel Community	L. H. Ausman Commercial Counsellor A. A. Lomas Assistant Commercial Secretary P. T. Eastham Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS 4	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 13.38.50
Brazil	Wm. Jones Commercial Counsellor Malcolm Rowan Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	D. M. Holton Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
Ceylon	I. V. Macdonald Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Tel.:* 91341
Chile	J. M. Knowles Acting Commercial Secretary	Canadian Embassy 5th Floor Agustinas 1225 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	J. H. Bailey Commercial Secretary and Consul	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Tel.:* 43-00-65
Congo Angola, Central African Republic, Chad, Congo (Community), Gabon	R. A. Bull Acting Trade Commissioner	C.C.C.I. Building Boulevard Albert 1er LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Tel.:* 2706

Territory	Officer	City Address	Mail and Cables, Office Telephone
Cuba	R. R. Parlour Commercial Counsellor	Canadian Embassy Edificio Ingenieros Civiles Calle 17 y O Vedado HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* 32-3526
Denmark Greenland, Poland	K. Nyenhuis Commercial Counsellor	Canadian Embassy Prinsesse Maries Allé 2 COPENHAGEN V	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Hilda 3306
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor	Canadian Embassy Edificio Copello 408 Calle El Conde CIUDAD TRUJILLO	*Mail:* Apartado 1393 *Cable:* CANADIAN *Tel.:* 2-8138
France Algeria; Cameroon Republic, Dahomey, Guinea, Ivory Coast, Mali Republic, Mauretania, Morocco, Niger, Senegal, Togoland, Tunisia, Volta	A. G. Kniewasser Commercial Counsellor W. G. Brett Assistant Commercial Secretary C. T. Charland Assistant Commercial Secretary Y. C. Jauron Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne PARIS 8e	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor W. J. O'Connor Assistant Commercial Secretary (Agriculture) Louis de Salaberry Assistant Commercial Secretary	Canadian Embassy 22 Zitelmannstrasse BONN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 21971
Germany	R. E. Gravel Consul General Richard Turcotte Vice Consul	Canadian Consulate General 69 Ferdinandstrasse HAMBURG	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 326149
Ghana Gambia, Liberia, Sierra Leone	K. F. Osmond Commercial Secretary	Office of the High Commissioner for Canada E 115/3 Independence Ave. ACCRA	*Mail:* P.O. Box 1639 *Cable:* CANADIAN *Tel.:* 4824
Greece Cyprus, Israel, Turkey	B. A. Macdonald Commercial Counsellor B. C. Steers Assistant Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. ATHENS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. E. Lemieux Canadian Government Trade Commissioner K. D. Taylor Assistant Trade Commissioner	5a Avenida 11-70, Zone I GUATEMALA CITY, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* CANADIAN *Tel.:* 28448
Haiti	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau PORT AU PRINCE	*Mail:* P.O. Box 826
Hong Kong Cambodia, Communist China, Laos, Vietnam, Macao	C. M. Forsyth-Smith Canadian Government Trade Commissioner C. J. Small Trade Commissioner D. J. McEachran Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. HONG KONG	*Mail:* P.O. Box 126 *Cable:* CANADIAN *Tel.:* 27743
India (except States of Gujerat and Maharashtra) Bhutan, Nepal, Sikkim	G. A. Newman Commercial Counsellor J. R. Midwinter Assistant Commercial Secretary	Office of the High Commissioner for Canada 13 Golf Links Area NEW DELHI 1	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 35201

Territory	Officer	City Address	Mail and Cables, Office Telephone
India (States of Gujerat and Maharashtra), Goa	W. F. Hillhouse Canadian Government Trade Commissioner G. P. Morin Assistant Trade Commissioner	Gresham Assurance House Mint Road Bombay	*Mail:* P.O. Box 886 *Cable:* Canadian *Tel.:* 255154
Indonesia	Commercial Division	Canadian Embassy Djl. Budi Kemuliaan No. 6 Djakarta	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Gambir 1313
Iran	A. B. Brodie Commercial Counsellor	Canadian Legation 32 Anatole France Tehran	*Mail:* P.O. Box 1610 *Cable:* Cantracom *Tel.:* 4-9291
Ireland	W. R. Van Commercial Secretary for Canada	66 Upper O'Connell St. Dublin	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 44251
Italy Libya, Malta	Richard Grew Commercial Counsellor M. S. Strong Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 Rome	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 864-327
Japan South Korea	A. P. Bissonnet Commercial Counsellor N. W. Boyd Assistant Commercial Secretary C. M. Kerr Assistant Commercial Secretary	Canadian Embassy Tokyo	*Mail:* Canadian Embassy *Cable:* Canadian *Tel.:* 408-2101/8
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary W. B. Walton Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau Beirut	*Mail:* Boîte Postale 2300 *Cable:* Canadian *Tel:* 50955
Mexico	F. B. Clark Commercial Secretary W. M. Miner Assistant Commercial Secretary G. L. Gagne Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor Mexico 5, D.F.	*Mail:* Apartado 25364 *Cable:* Canadian *Tel.:* 25-15-60
Netherlands	J. C. Britton Commercial Counsellor G. E. Woollam Agricultural Counsellor J. R. Caux Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 The Hague	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 61-41-11
New Zealand Fiji, Samoa, Tahiti, Tonga	J. H. Stone Commercial Counsellor W. J. Collett Assistant Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg., Wellington	*Mail:* P.O. Box 1660 *Cable:* Canadian *Tel.:* 70-644
Nigeria	H. W. Richardson Commercial Counsellor	Office of the High Commissioner for Canada Barclays Bank Building, 4th Floor 40 Marina Road Lagos	*Mail:* P.O. Box 851 *Cable:* Canadian *Tel.:* 25262

Territory	Officer	City Address	Mail and Cables, Office Telephone
Norway Iceland	M. B. Bursey Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 OSLO	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan	L. A. Campeau Commercial Counsellor J. B. McLaren Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Rd. KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 50322
Peru Bolivia	W. J. Jenkins Acting Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines Republic of China (Taiwan)	T. G. Major Consul General and Trade Commissioner R. M. Dawson Vice Consul and Assistant Trade Commissioner	Canadian Consulate General L & S Building, 3rd Floor 1414 Dewey Boulevard MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 5-85-97
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	T. J. Monty Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	8th Floor Grindlays Bank Chambers Baker Avenue SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	E. H. Maguire Canadian Government Trade Commissioner K. O. Hillyer Assistant Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 74260
South Africa (Natal, Orange Free State, Transvaal) Malagash, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner L. J. Taylor Assistant Trade Commissioner	Mutual Building 17th Floor, Corner Rissik and De Villiers Streets JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANADIAN *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	J. M. T. Thomas Acting Commercial Secretary	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland	S. G. MacDonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
Union of Soviet Socialist Republics	W. Van Vliet Commercial Counsellor	Canadian Embassy 23 Starokonyushenny Pereulok MOSCOW	*Mail:* (City Address) *Cable:* CANAD *Tel.:* 415142
United Arab Republic **Egyptian Region** Aden, Sudan, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110

Territory	Officer	City Address	Mail and Cables, Office Telephone
United Kingdom	B. C. Butler Minister (Commercial)	Office of the High Commissioner for Canada One Grosvenor Square LONDON, W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Mayfair 9492
	S. G. Tregaskes Commercial Counsellor		
	W. Gibson-Smith Commercial Counsellor		
	D. B. Laughton Agricultural Secretary		
	E. J. White Commercial Secretary (Timber)		*Cable:* TIMCOM
	W. A. Stewart Assistant Agricultural Secretary		
	Geo. Hazen Assistant Commercial Secretary		
	S. G. Harris Assistant Commercial Secretary		
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Scotland)	P. V. McLane Canadian Government Trade Commissioner	Cornhill House 144 West George St. GLASGOW C.2	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* Douglas 6751
	E. J. Ward Assistant Trade Commissioner (Timber)		
United Kingdom (Northern Ireland)	W. R. Van Canadian Government Trade Commissioner	36 Victoria Square BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	M. Schwarzmann Minister-Counsellor (Economic)	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
	D. A. B. Marshall Agricultural Counsellor		
	T. M. Burns Commercial Counsellor		
	J. D. Blackwood Assistant Commercial Secretary		
	J. MacNaught Assistant Agricultural Secretary		
United States	N. R. Chappell Counsellor (Energy)	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
United States (Connecticut, New Jersey, New York, Pennsylvania), Bermuda	B. I. Rankin Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Ave. NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400
	A. A. Caron Consul and Trade Commissioner		
	R. D. Sirrs Vice Consul and Assistant Trade Commissioner		
	F. I. Wood Vice Consul and Assistant Trade Commissioner		

Territory	Officer	City Address	Mail and Cables, Office Telephone
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United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	H. J. Horne Consul and Trade Commissioner N. L. Currie Vice Consul and Assistant Trade Commissioner D. A. Hilton Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue Chicago	*Mail:* (City Address) *Cable:* Canadian *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner R. V. N. Gordon Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building Detroit 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	G. F. J. Osbaldeston Consul and Trade Commissioner	Canadian Consulate General 510 West Sixth Street Los Angeles 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner G. E. Blackstock Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart New Orleans 12	*Mail:* (City Address) *Cable:* Canadian *Tel.:* JAckson 5-2136
United States California (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street San Francisco 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way Seattle 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 2-3515
Uruguay Paraguay Falkland Islands	Blair Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° Montevideo	*Mail:* Casilla Postal 852 *Cable:* Canadian *Tel.:* 96096
Venezuela Netherlands Antilles	W. D. Wallace Commercial Counsellor J. E. Montgomery Assistant Commercial Secretary	Canadian Embassy Avenida La Estancia No. 10 Ciudad Comercial Tamanaco Caracas	*Mail:* Apartado 11452-Este *Cable:* Canadian *Tel.:* 32.40.41.44
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam, Guadeloupe, Martinique	R. F. Renwick Commercial Secretary R. L. Richardson Assistant Commercial Secretary	Office of the Commissioner for Canada Colonial Building 72 South Quay Port-of-Spain	*Mail:* P.O. Box 125 *Cable:* Canadian *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner C. G. Bullis Assistant Trade Commissioner	Barclays Bank Building King Street Kingston	*Mail:* P.O. Box 225 *Cable:* Canadian *Tel.:* 2858

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02138525.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 19	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01186	84.32	(1)
Austria	Schilling		.03764	26.57	
Australia	Pound		2.1983	.4549	
Bahamas	Pound		2.7479	.3639	
Belgium and Luxembourg	Franc		.01972	50.71	
Bermuda	Pound		2.7479	.3639	
Bolivia	Boliviano	Free	.00008569	11,669.97	
British Guiana	Dollar		.5725	1.75	
British Honduras	Dollar		.6870	1.45	
Brazil	Cruzeiro	General Category*	.004277	233.81	*Nov. 29 (2)
		Special Category	.001541	649.01	
		Official selling	.05171	19.34	(3)
Burma	Kyat		.2056	4.86	
Ceylon	Rupee		.2061	4.85	
Chile	Escudo	Free	.9307	1.07446	(4)
Colombia	Peso	Certificate	.1461	6.84	
Congo, Republic of	Franc		.01972	50.07	
Costa Rica	Colon	Official	.1744	5.73	
		Controlled free	.1435	6.79	
Cuba	Peso		.9791	1.02135	tax 2%
Czechoslovakia	Koruna		.1360	7.35	
Denmark	Krone		.1421	7.04	
Dominican Republic	Peso		.9791	1.02135	
Ecuador	Sucre	Official	.06527	15.32	
		Free	.05725	17.47	
Egyptian Region, United Arab Rep.	Pound	Official	2.8114	.3557	
		Export account selling	2.4200	.4132	
El Salvador	Colon		.3916	2.55	
Fiji	Pound		2.4756	.4039	
Finland	Markka		.003060	326.80	
France, Monaco, etc.	New Franc		.1996	5.01	(5)
Franco-African Community, etc.	Franc		.003992	250.50	(6)
French Pacific	Franc		.01098	91.07	(7)
Germany	D Mark		.2347	4.26	
Ghana	Pound		2.7479	.3639	
Greece	Drachma		.03263	30.65	
Guatemala	Quetzal		.9791	1.02135	
Haiti	Gourde		.1958	5.11	
Honduras	Lempira		.4895	2.04	
Hong Kong	Dollar	Free*	.1718	5.82	*Dec. 2
		Official	.1717	5.82	
Iceland	Krona	Official	.02576	38.82	(8)
India	Rupee		.2061	4.85	
Indonesia	Rupiah	Official	.02176	45.96	(8)
Iran	Rial		.01292	77.37	
Iraq	Dinar		2.7414	.3648	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 19	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.7479	.3639	
Israel	Pound		.5439	1.84	
Italy	Lira		.001577	634.11	
Japan	Yen		.002720	367.65	
Lebanon	Pound	Free	.3075	3.25	
Mexico	Peso		.07833	12.77	
Morocco	Dirham		.2043	4.89	
Netherlands	Florin		.2597	3.85	
Netherlands Antilles	Florin		.5233	1.91	
New Zealand	Pound		2.7479	.3639	
Nicaragua	Cordoba	Effective buying	.1483	6.74	
		Official selling	.1389	7.20	
Nigeria	Pound		2.7479	.3639	
Norway	Krone		.1373	7.28	
Pakistan	Rupee		.2061	4.85	
Panama	Balboa		.9791	1.02135	
Paraguay	Guarani	Official	.007740	129.20	
Peru	Sol		.03655	27.36	
Philippines	Peso	Free	.3264	3.06	
		Official	.4895	2.04	
Portugal & Colonies	Escudo		.03417	29.26	(9)
Singapore and Malaya	Straits Dollar		.3206	3.12	
Spain and Dependencies	Peseta		.01632	61.28	
Sweden	Krona		.1894	5.28	
Switzerland	Franc		.2274	4.40	
Syrian Region, United Arab Rep.	Pound	Free	.2732	3.66	
Thailand	Baht	Free	.04631	21.59	(8)
Tunisia	Dinar		2.45	.4082	
Turkey	Lira		.1088	9.19	(8)
Union of South Africa	Pound		2.7479	.3639	
United Kingdom	Pound		2.7479	.3639	
United States	Dollar		.9790625	1.02138525	
Uruguay	Peso	Free	.0888	11.26	(10)
Venezuela	Bolivar		no quotation	no quotation	
West Indies Fed.	Dollar		.5725	1.75	(11)
	Pound		2.7479	.3639	(12)
Yugoslavia	Dinar	Official	.003263	306.47	(8)
		Settlement rate	.001549	645.51	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Guiana, Guadeloupe, Martinique. The new heavy france (worth 100 old francs) became effective on Jan. 1, 1960.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
12. Jamaica.

Markets in Brief

ARGENTINA

Area: 1,080,000 square miles.

Population: 20.6 million.

Climate: ranges from subtropical in the north to temperate in the centre and cold-temperate in the south.

Language: Spanish, sales literature in Spanish essential.

Currency: peso; one peso equals Can.$0.01181.

Weights and measures: metric system.

Capital: Buenos Aires, at sea-level.

Chief ports: on the Atlantic: Bahía Blanca, Quequen, Puerto Madryn, Comodoro Rivadavia, Puerto Deseado. River ports: Buenos Aires, Rosario, Zarate and Campana.

Marketing centres: Buenos Aires (population) 3,733,000, Rosario 511,577, Tucuman 258,103, Santa Fe 229,694, Bahia Blanca 110,000, Mendoza 109,385.

Economy: mainly agro-pastoral. Primary cereal and animal products account for about 90 per cent of annual exports.

Total Argentine imports: 1960 (9 months)—U.S.$807.9 million; 1959—U.S.$983.6 million.

Chief imports: first 9 months 1960 and 1959 (in per cent)—industrial raw materials 40.1, 59.9; fuels and lubricants 15.2, 16.1; machinery 23.6, 17.7; vehicles and parts 12.6, 8.5; foodstuffs 3.0, 2.3; sundries 5.5, 3.5.

Chief suppliers: United States, Brazil, Germany, United Kingdom, Venezuela, Italy.

Value of imports from Canada: 1960 (9 months)—Can. $11,127,430; 1959—Can.$7,088,757.

Chief imports from Canada: (in per cent) 1960 (6 months)—aluminum 25, newsprint 24, calculating machines 12, aircraft 8, various 31; 1959—aluminum 26, newsprint 25, asbestos fibre 8, poliomyelitis vaccine 6, various 35.

Total Argentine exports: 1960 (7 months)—U.S.$719.9 million; 1959—U.S.$1,008.9 million.

Chief exports: 1960 (7 months) (in per cent)—agricultural products 46, meat and animal byproducts 46, various 8; 1959—meat and animal byproducts 51, agricultural products 44, various 5.

Chief markets: United Kingdom, United States, Germany, Netherlands, Brazil.

Value of exports to Canada: 1960 (6 months)—Can.$1,156,787; 1959—Can.$3,432,563.

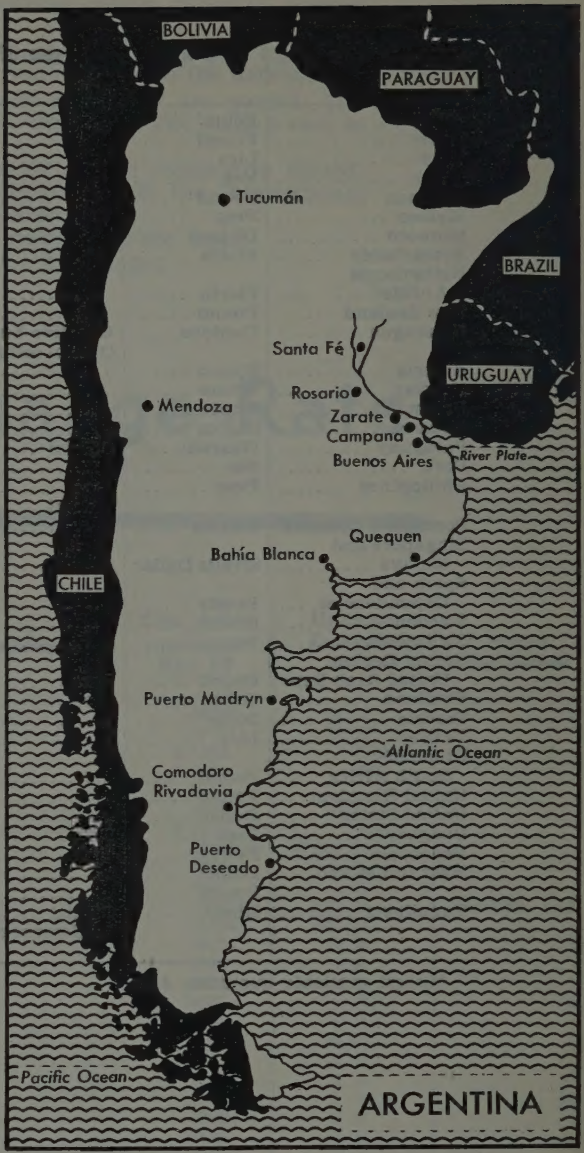
Chief Canadian purchases: (in per cent) 1960 (3 months)—wool 38, canned corned beef 20, rice 10, quebracho extract 9, various 23; 1959—canned corned beef 37, wool 20, quebracho extract 12, various 31.

Dollar exchange: free uncontrolled exchange market.

Prices: quote only in U.S. dollars, preferably c.i.f. but at least f.o.b. Atlantic ports.

Samples: can be imported free if of no commercial value, otherwise must pay all import charges.

Trade agreements: most-favoured-nation agreement with Canada; equal tariff treatment of imports from all countries, except in respect of surcharges on a short list of items originating in contiguous countries and Peru, which are exempt.



Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Canadian banks: Royal Bank of Canada, Buenos Aires.

Correspondence: airmail only; letters 10 cents per half-ounce.

For detailed information on this market write to:

Latin American Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa
or
Commercial Counsellor
Canadian Embassy
Bartolome Mitre 478
Buenos Aires
Argentina

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